

**CITY OF ROUND ROCK AGREEMENT  
FOR PROFESSIONAL CONSULTING SERVICES FOR FINANCIAL AND  
COMPLIANCE AUDIT SERVICES WITH  
WHITLEY PENN, LLP**

**THE STATE OF TEXAS**

§

**CITY OF ROUND ROCK**

§

**KNOW ALL BY THESE PRESENTS:**

§

**COUNTY OF WILLIAMSON**

§

**COUNTY OF TRAVIS**

§

THIS AGREEMENT for professional consulting services for financial and compliance audit services (the “Agreement”) is made by and between the CITY OF ROUND ROCK, TEXAS, a home-rule municipality with offices located at 221 East Main Street, Round Rock, Texas 78664-5299 (“City”) and WHITLEY PENN, LLP, Certified Public Accountants, with offices located at 3737 Buffalo Speedway, Suite 600, Houston, Texas 77098 (“Consultant” or “Whitley Penn”).

**RECITALS:**

**WHEREAS**, City has determined that there is a need for financial and compliance audit services; and

**WHEREAS**, City issued Request for Proposal No. 2023-015 (“RFP No. 2023-015”) for the provision of said services; and

**WHEREAS**, City has determined that Consultant offers the best value to the City for said services; and

**WHEREAS**, the parties desire to enter into this Agreement to set forth in writing their respective rights, duties, and obligations hereunder;

**NOW, THEREFORE, WITNESSETH:**

That for and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed between the parties as follows:

**1.01 EFFECTIVE DATE, DURATION, AND TERM**

This Agreement shall be effective on the date it has been signed by each party hereto, and shall remain in full force and effect unless and until it expires by operation of the term stated herein, or until terminated or extended as provided herein.

This Agreement is for auditing services for Fiscal Years 2023-2027 and shall remain effective until auditing services for Fiscal Year 2027 have been fully completed to the satisfaction of the City.

City reserves the right to review the Agreement at any time, and may elect to terminate this Agreement with or without cause or may elect to continue.

## **2.01 CONTRACT AMOUNT**

In consideration for the professional consulting services to be performed by Consultant, City agrees to pay Consultant a total sum not to exceed **Five Hundred Fifty-Seven Thousand Two Hundred Ten and No/100 Dollars (\$557,210.00)** for the term of this Agreement in payment for services and the scope of services deliverables, to be paid as delineated in "Attachment C" of RFP No. 23-015, attached as Exhibit "A," and incorporated herein by reference. This amount includes reimbursable expenses eligible for payment under this Agreement.

## **3.01 SCOPE OF SERVICES**

For purposes of this Agreement, Consultant has issued its scope of services for the assignments delineated herein, and such scope of services is recited in the attached as Exhibit "A."

This Agreement shall evidence the entire understanding and agreement between the parties and shall supersede any prior proposals, correspondence or discussions. This Agreement shall take precedence in every instance over any conflicting provisions contained in Exhibit "A." Consultant shall satisfactorily provide all services and deliverables described under the referenced scope of services within the contract term specified herein. Consultant's undertakings shall be limited to performing services for City and/or advising City concerning those matters on which Consultant has been specifically engaged. Consultant shall perform its services in accordance with this Agreement and in accordance with the referenced scope of services. Consultant shall perform its services in a professional and workmanlike manner.

Consultant shall not undertake work that is beyond the scope of services set forth in Exhibit "A" and herein. However, either party may make written requests for changes to the scope of services. To be effective, a change to the scope of services must be negotiated and agreed to in all relevant details, and must be embodied in a valid Supplemental Agreement as described herein.

## **4.01 SUPPLEMENTAL AGREEMENT**

The terms of this Agreement may be modified by written Supplemental Agreement hereto, duly authorized by City Council or by the City Manager, if City determines that there has been a significant change in (1) the scope, complexity, or character of the services to be performed; or (2) the duration of the work. Any such Supplemental Agreement must be executed by both parties within the period specified as the term of this Agreement. Consultant

shall not perform any work or incur any additional costs prior to the execution, by both parties, of such Supplemental Agreement. Consultant shall make no claim for extra work done or materials furnished unless and until there is full execution of any Supplemental Agreement, and City shall not be responsible for actions by Consultant nor for any costs incurred by Consultant relating to additional work not directly authorized by Supplemental Agreement.

## **5.01 INVOICE REQUIREMENTS AND TERMS OF PAYMENT**

**Invoices:** To receive payment under this Agreement, Consultant shall prepare and submit detailed progress invoices to City, in accordance with the delineation contained herein, for services rendered. Such invoices for professional services shall track the referenced scope of services, and shall detail the services performed, along with documentation for each service performed. Payment to Consultant shall be made on the basis of the invoices submitted by Consultant and approved by City. Such invoices shall conform to the schedule of services and costs in connection therewith.

Should additional backup material be requested by City relative to service deliverables, Consultant shall comply promptly. In this regard, should City determine it necessary, Consultant shall make all records and books relating to this Agreement available to City for inspection and auditing purposes.

**Payment of Invoices:** City reserves the right to correct any error that may be discovered in any invoice that may have been paid to Consultant and to adjust same to meet the requirements of this Agreement. Following approval of an invoice, City shall endeavor to pay Consultant promptly, but no later than the time period required under the Texas Prompt Payment Act. Under no circumstances shall Consultant be entitled to receive interest on payments which are late because of a good faith dispute between Consultant and City or because of amounts which City has a right to withhold under this Agreement or state law. City shall be responsible for any sales, gross receipts or similar taxes applicable to the services, but not for taxes based on Consultant's net income.

## **6.01 REQUIRED DRAFT REPORTS AND FINAL REPORT**

Consultant agrees to provide City with draft reports and a detailed final written report, together with all information gathered and materials developed during the course of the project.

Consultant agrees to provide City with additional bound copies of the final written report, if and as requested, with the right to make additional copies being at the sole election of City. All copies of the written final report will be to specifications as delineated by City.

## **7.01 LIMITATION TO SCOPE OF SERVICES**

Consultant and City agree that the scope of services to be performed is enumerated in Exhibit "A" and herein, and may not be changed without the express written agreement of the parties. Notwithstanding anything herein to the contrary, the parties agree that City retains absolute discretion and authority for all funding decisions, such to be based solely on criteria accepted by City which may be influenced by but not be dependent on Consultant's work.

## **8.01 NON-APPROPRIATION AND FISCAL FUNDING**

This Agreement is a commitment of City's current revenues only. It is understood and agreed that City shall have the right to terminate this Agreement at the end of any City fiscal year if the governing body of City does not appropriate funds sufficient to purchase the services as determined by City's budget for the fiscal year in question. City may affect such termination by giving Consultant a written notice of termination at the end of its then-current fiscal year.

## **9.01 PROMPT PAYMENT POLICY**

In accordance with Chapter 2251, V.T.C.A., Texas Government Code, any payment to be made by City to Consultant will be made within thirty (30) days of the date City receives goods under this Agreement, the date the performance of the services under this Agreement are completed, or the date City receives a correct invoice for the goods or services, whichever is later. Consultant may charge interest on an overdue payment at the "rate in effect" on September 1 of the fiscal year in which the payment becomes overdue, in accordance with V.T.C.A., Texas Government Code, Section 2251.025(b). This Prompt Payment Policy does not apply to payments made by City in the event:

- A. There is a bona fide dispute between City and Consultant, a contractor, subcontractor, or supplier about the goods delivered or the service performed that causes the payment to be late; or
- B. There is a bona fide dispute between Consultant and a subcontractor or between a subcontractor and its supplier about the goods delivered or the service performed that causes the payment to be late; or
- C. The terms of a federal contract, grant, regulation, or statute prevent City from making a timely payment with federal funds; or
- D. The invoice is not mailed to City in strict accordance with any instruction on the purchase order relating to the payment.

## **10.01 TERMINATION AND DEFAULT**

**Termination:** It is agreed and understood by Consultant that City may terminate this Agreement for the convenience of City, upon thirty (30) days' written notice to Consultant, with the understanding that immediately upon receipt of said notice all work being performed under this Agreement shall cease. Consultant shall invoice City for work satisfactorily completed and shall be compensated in accordance with the terms hereof for work accomplished prior to the receipt of said notice of termination. Consultant shall not be entitled to any lost or anticipated profits for work terminated under this Agreement. Unless otherwise specified in this Agreement, all data, information, and work product related to this project shall become the property of City upon termination of this Agreement, and shall be promptly delivered to City in a reasonably organized form without restriction on future use, subject to the conditions set forth herein. Should City subsequently contract with a new consultant for continuation of service on the

project, Consultant shall cooperate in providing information.

Termination of this Agreement shall extinguish all rights, duties, and obligations of City and the terminated party to fulfill contractual obligations. Termination under this section shall not relieve the terminated party of any obligations or liabilities which occurred prior to termination.

Nothing contained in this section shall require City to pay for any work which it deems unsatisfactory or which is not performed in compliance with the terms of this Agreement.

**Default:** Either party may terminate this Agreement, in whole or in part, for default if the party provides the other party with written notice of such default and the other fails to satisfactorily cure such default within ten (10) business days of receipt of such notice (or a greater time if agreed upon between the parties).

If default results in termination of this Agreement, then City shall give consideration to the actual costs incurred by Consultant in performing the work to the date of default. The cost of the work that is useable to City, the cost to City of employing another firm to complete the useable work, and other factors will affect the value to City of the work performed at the time of default. Neither party shall be entitled to any lost or anticipated profits for work terminated for default hereunder.

The termination of this Agreement for default shall extinguish all rights, duties, and obligations of the terminating party and the terminated party to fulfill contractual obligations.

Termination under this section shall not relieve the terminated party of any obligations or liabilities which occurred prior to termination.

Nothing contained in this section shall require City to pay for any work which it deems unsatisfactory, or which is not performed in compliance with the terms of this Agreement.

#### **11.01 INDEPENDENT CONTRACTOR STATUS**

Consultant is an independent contractor, and is not City's employee. Consultant's employees or subcontractors are not City's employees. This Agreement does not create a partnership, employer-employee, or joint venture relationship. No party has authority to enter into contracts as agent for the other party. Consultant and City agree to the following rights consistent with an independent contractor relationship:

- (1) Consultant has the right to perform services for others during the term hereof.
- (2) Consultant has the sole right to control and direct the means, manner and method by which it performs its services required by this Agreement.
- (3) Consultant has the right to hire assistants as subcontractors, or to use employees to provide the services required by this Agreement.

- (4) Consultant or its employees or subcontractors shall perform services required hereunder, and City shall not hire, supervise, or pay assistants to help Consultant.
- (5) Neither Consultant nor its employees or subcontractors shall receive training from City in skills necessary to perform services required by this Agreement.
- (6) City shall not require Consultant or its employees or subcontractors to devote full time to performing the services required by this Agreement.
- (7) Neither Consultant nor its employees or subcontractors are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of City.

#### **12.01 NON-SOLICITATION**

Except as may be otherwise agreed in writing, during the term of this Agreement and for twelve (12) months thereafter, neither City nor Consultant shall offer employment to or shall employ any person employed then or within the preceding twelve (12) months by the other or any affiliate of the other if such person was involved, directly or indirectly, in the performance of this Agreement. This provision shall not prohibit the hiring of any person who was solicited solely through a newspaper advertisement or other general solicitation.

#### **13.01 CITY'S RESPONSIBILITIES**

**Full information:** City shall provide full information regarding project requirements. City shall have the responsibility of providing Consultant with such documentation and information as is reasonably required to enable Consultant to provide the services called for. City shall require its employees and any third parties who are otherwise assisting, advising or representing City to cooperate on a timely basis with Consultant in the provision of its services. Consultant may rely upon written information provided by City and its employees and agents as accurate and complete. Consultant may rely upon any written directives provided by City or its designated representative concerning provision of services as accurate and complete.

**Required materials:** Consultant's performance requires receipt of all requested information reasonably necessary to provision of services. Consultant agrees to provide City with a comprehensive and detailed information request list, if any, by the date set forth in the Auditing Services Proposal (Exhibit "A").

#### **14.01 CONFIDENTIALITY AND MATERIALS OWNERSHIP**

Any and all programs, data, or other materials furnished by City for use by Consultant in connection with services to be performed under this Agreement, and any and all data and information gathered by Consultant, shall be held in confidence by Consultant as set forth hereunder. Each party agrees to take reasonable measures to preserve the confidentiality of any proprietary or confidential information relative to this Agreement, and to not make any use thereof other than for the performance of this Agreement, provided that no claim may be made

for any failure to protect information that occurs more than three (3) years after the end of this Agreement.

The parties recognize and understand that City is subject to the Texas Public Information Act and its duties run in accordance therewith.

All data relating specifically to City's business and any other information which reasonably should be understood to be confidential to City is confidential information of City. Consultant's proprietary software, tools, methodologies, techniques, ideas, discoveries, inventions, know-how, and any other information which reasonably should be understood to be confidential to Consultant is confidential information of Consultant. City's confidential information and Consultant's confidential information is collectively referred to as "Confidential Information." Each party shall use Confidential Information of the other party only in furtherance of the purposes of this Agreement and shall not disclose such Confidential Information to any third party without the other party's prior written consent, which consent shall not be unreasonably withheld. Each party agrees to take reasonable measures to protect the confidentiality of the other party's Confidential Information and to advise their employees of the confidential nature of the Confidential Information and of the prohibitions herein.

Notwithstanding anything to the contrary contained herein, neither party shall be obligated to treat as confidential any information disclosed by the other party (the "Disclosing Party") which: (1) is rightfully known to the recipient prior to its disclosure by the Disclosing Party; (2) is released by the Disclosing Party to any other person or entity (including governmental agencies) without restriction; (3) is independently developed by the recipient without any reliance on Confidential Information; or (4) is or later becomes publicly available without violation of this Agreement or may be lawfully obtained by a party from any non-party.

Notwithstanding the foregoing, either party will be entitled to disclose Confidential Information of the other to a third party as may be required by law, statute, rule or regulation, including subpoena or other similar form of process, provided that (without breaching any legal or regulatory requirement) the party to whom the request is made provides the other with prompt written notice and allows the other party to seek a restraining order or other appropriate relief.

Subject to Consultant's confidentiality obligations under this Agreement, nothing herein shall preclude or limit Consultant from providing similar services for other clients.

Neither the City nor Consultant will be liable to the other for inadvertent or accidental disclosure of Confidential Information if the disclosure occurs notwithstanding the party's exercise of the same level of protection and care that such party customarily uses in safeguarding its own proprietary and confidential information.

Notwithstanding anything to the contrary in this Agreement, City will own as its sole property all written materials created, developed, gathered, or originally prepared expressly for City and delivered to City under the terms of this Agreement (the "Deliverables"); and Consultant shall own any general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, or other similar information which may have been discovered,

created, developed or derived by Consultant either prior to or as a result of its provision of services under this Agreement (other than the Deliverables). Consultant's working papers and Consultant's Confidential Information (as described herein) shall belong exclusively to Consultant. City shall have a non-exclusive, non-transferable license to use Consultant's Confidential Information for City's own internal use and only for the purposes for which they are delivered to the extent that they form part of the Deliverables.

#### **15.01 WARRANTIES**

Consultant represents that all services performed hereunder shall be performed consistent with generally prevailing professional or industry standards, and shall be performed in a professional and workmanlike manner. Consultant shall re-perform any work not in compliance with this representation.

#### **16.01 LIMITATION OF LIABILITY**

Should any of Consultant's services not conform to the requirements of City or of this Agreement, then and in that event City shall give written notification to Consultant; thereafter, (a) Consultant shall either promptly re-perform such services to City's satisfaction at no additional charge, or (b) if such deficient services cannot be cured within the cure period set forth herein, then this Agreement may be terminated for default.

In no event will Consultant be liable for any loss, damage, cost or expense attributable to negligence, willful misconduct or misrepresentations by City, its directors, employees or agents.

In no event shall Consultant be liable to City, by reason of any act or omission relating to the services provided under this Agreement (including the negligence of Consultant), whether a claim be in tort, contract or otherwise, (a) for any consequential, indirect, lost profit, punitive, special or similar damages relating to or arising from the services, or (b) in any event, in the aggregate, for any amount in excess of the total professional fees paid by City to Consultant under this Agreement, except to the extent determined to have resulted from Consultant's gross negligence, willful misconduct or fraudulent acts relating to the service provided hereunder.

#### **17.01 ASSIGNMENT AND DELEGATION**

The parties each hereby bind themselves, their successors, assigns and legal representatives to each other with respect to the terms of this Agreement. Neither party may assign any rights or delegate any duties under this Agreement without the other party's prior written approval, which approval shall not be unreasonably withheld.

#### **18.01 LOCAL, STATE, AND FEDERAL TAXES**

Consultant shall pay all income taxes, and FICA (Social Security and Medicare taxes) incurred while performing services under this Agreement. City will not do the following:



- (1) Withhold FICA from Consultant's payments or make FICA payments on its behalf;
- (2) Make state and/or federal unemployment compensation contributions on Consultant's behalf; or
- (3) Withhold state or federal income tax from any of Consultant's payments.

If requested, City shall provide Consultant with a certificate from the Texas State Comptroller indicating that City is a non-profit corporation and not subject to State of Texas Sales and Use Tax.

## **19.01 INSURANCE**

Consultant shall meet all City of Round Rock Insurance Requirements as required by the City's Purchasing Department as set forth at: <https://www.roundrocktexas.gov/wp-content/uploads/2014/12/Insurance-Requirements-2.pdf>.

## **20.01 COMPLIANCE WITH LAWS, CHARTER, AND ORDINANCES**

A. Consultant, its consultants, agents, employees and subcontractors shall use best efforts to comply with all applicable federal and state laws, the Charter and Ordinances of the City of Round Rock, as amended, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. Consultant shall further obtain all permits, licenses, trademarks, or copyrights required in the performance of the services contracted for herein, and same shall belong solely to City at the expiration of the term of this Agreement.

B. In accordance with Chapter 2271, Texas Government Code, a governmental entity may not enter into a contract with a company for goods and services unless the contract contains written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of a contract. The signatory executing this Agreement on behalf of Consultant verifies Consultant does not boycott Israel and will not boycott Israel during the term of this Agreement.

C. In accordance with 2274, Texas Government Code, a governmental entity may not enter into a contract with a company with at least ten (10) full-time employees for a value of at least One Hundred Thousand and No/100 Dollars (\$100,000.00) unless the contract has a provision verifying that it: (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association. The signatory executing this Agreement on behalf of Consultant verifies Consultant does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, and it will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

D. In accordance with 2274, Texas Government Code, a governmental entity may not enter into a contract with a company with at least ten (10) full-time employees for a value of at least One Hundred Thousand and No/100 Dollars (\$100,000.00) unless the contract has a provision verifying that it: (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of this Agreement. The signatory executing this Agreement on behalf of Consultant verifies Consultant does not boycott energy companies, and it will not boycott energy companies during the term of this Agreement.

#### **21.01 FINANCIAL INTEREST PROHIBITED**

Consultant covenants and represents that Consultant, its officers, employees, agents, consultants and subcontractors will have no financial interest, direct or indirect, in the purchase or sale of any product, materials or equipment that will be recommended or required hereunder.

#### **22.01 DESIGNATION OF REPRESENTATIVES**

The City hereby designates the following representative(s) authorized to act in its behalf with regard to this Agreement:

Susan Morgan, CPA, CFO  
City of Round Rock  
221 East Main Street  
Round Rock, Texas 78664

#### **23.01 NOTICES**

All notices and other communications in connection with this Agreement shall be in writing and shall be considered given as follows:

- (1) When delivered personally to recipient's address as stated herein; or
- (2) Three (3) days after being deposited in the United States mail, with postage prepaid to the recipient's address as stated in this Agreement.

##### **Notice to Consultant:**

Whitley Penn, LLP  
3737 Buffalo Speedway  
Suite 600  
Houston, Texas 77098

##### **Notice to City:**

City Manager, City of Round Rock  
221 East Main Street  
Round Rock, TX 78664

AND TO:

Stephanie L. Sandre, City Attorney  
309 East Main Street  
Round Rock, TX 78664

Nothing contained in this section shall be construed to restrict the transmission of routine communications between representatives of City and Consultant.

#### **24.01 APPLICABLE LAW, ENFORCEMENT, AND VENUE**

This Agreement shall be enforceable in Round Rock, Texas, and if legal action is necessary by either party with respect to the enforcement of any or all of the terms or conditions herein, exclusive venue for same shall lie in Williamson County, Texas. This Agreement shall be governed by and construed in accordance with the laws and court decisions of Texas.

#### **25.01 EXCLUSIVE AGREEMENT**

The terms and conditions of this Agreement, including exhibits, constitute the entire agreement between the parties and supersede all previous communications, representations, and agreements, either written or oral, with respect to the subject matter hereof. The parties expressly agree that, in the event of any conflict between the terms of this Agreement and any other writing, this Agreement shall prevail. No modifications of this Agreement will be binding on any of the parties unless acknowledged in writing by the duly authorized governing body or representative for each party.

#### **26.01 DISPUTE RESOLUTION**

If a dispute arises under this Agreement, the parties agree to first try to resolve the dispute with the help of a mutually selected mediator. If the parties cannot agree on a mediator, City shall select one mediator and Consultant shall select one mediator and those two mediators shall agree upon a third mediator. Any costs and fees, other than attorney fees, associated with the mediation shall be shared equally by the parties.

City and Consultant hereby expressly agree that no claims or disputes between the parties arising out of or relating to this Agreement or a breach thereof shall be decided by any arbitration proceeding, including without limitation, any proceeding under the Federal Arbitration Act (9 USC Section 1-14) or any applicable state arbitration statute.

#### **27.01 FORCE MAJEURE**

Notwithstanding any other provisions hereof to the contrary, no failure, delay or default in performance of any obligation hereunder shall constitute an event of default or breach of this Agreement, only to the extent that such failure to perform, delay or default arises out of causes beyond control and without the fault or negligence of the party otherwise chargeable with failure, delay or default; including but not limited to acts of God, acts of public enemy, civil war, insurrection, riots, fires, floods, explosion, theft, earthquakes, natural disasters or other

casualties, strikes or other labor troubles, which in any way restrict the performance under this Agreement by the parties.

Consultant shall not be deemed to be in default of its obligations to City if its failure to perform or its substantial delay in performance is due to City's failure to timely provide requested information, data, documentation, or other material necessary for Consultant to perform its obligations hereunder.

#### **28.01 SEVERABILITY**

The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion of provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular portion of provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this section shall not prevent this entire Agreement from being void should a provision which is of the essence of this Agreement be determined void.

#### **29.01 STANDARD OF CARE**

Consultant represents that it is specially trained, experienced and competent to perform all of the services, responsibilities and duties specified herein and that such services, responsibilities and duties shall be performed, whether by Consultant or designated subconsultants, in a manner acceptable to City and according to generally accepted business practices.

#### **30.01 GRATUITIES AND BRIBES**

City may, by written notice to Consultant, cancel this Agreement without incurring any liability to Consultant if it is determined by City that gratuities or bribes in the form of entertainment, gifts, or otherwise were offered or given by Consultant or its agents or representatives to any City officer, employee or elected representative with respect to the performance of this Agreement. In addition, Consultant may be subject to penalties stated in Title 8 of the Texas Penal Code.

#### **31.01 RIGHT TO ASSURANCE**

Whenever either party to this Agreement, in good faith, has reason to question the other party's intent to perform hereunder, then demand may be made to the other party for written assurance of the intent to perform. In the event that no written assurance is given within the reasonable time specified when demand is made, then and in that event the demanding party may treat such failure as an anticipatory repudiation of this Agreement.

### **32.01 COMPLIANCE WITH LAWS, CHARTER, AND ORDINANCES**

Consultant, its agents, employees and subcontractors shall use best efforts to comply with all applicable federal and state laws, the Charter and Ordinances of the City of Round Rock, as amended, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies.

### **33.01 GENERAL AND MISCELLANEOUS**

The section numbers and headings contained herein are provided for convenience only and shall have no substantive effect on construction of this Agreement.

No delay or omission by either party in exercising any right or power shall impair such right or power or be construed to be a waiver. A waiver by either party of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach or of any other covenant. No waiver of discharge shall be valid unless in writing and signed by an authorized representative of the party against whom such waiver or discharge is sought to be enforced.

This Agreement may be executed in multiple counterparts, any one of which shall be considered an original of this document; and all of which, when taken together, shall constitute one and the same instrument. City agrees to provide Consultant with one fully executed original.

[Signatures on the following page.]

IN WITNESS WHEREOF, City and Consultant have executed this Agreement on the dates indicated.

**Whitley Penn, LLC**

By: Patrick Simmons  
Printed Name: Patrick Simmons  
Title: Partner  
Date Signed: 5-10-23

**City of Round Rock, Texas**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**For City, Attest:**

By: \_\_\_\_\_  
Meagan Spinks, City Clerk

**For City, Approved as to Form:**

By: \_\_\_\_\_  
Stephanie L. Sandre, City Attorney



**City of Round Rock**  
**Purchasing Division**  
221 East Main Street  
Round Rock, Texas 78664-5299  
[www.roundrocktexas.gov](http://www.roundrocktexas.gov)

**REQUEST FOR PROPOSAL (RFP)**

**FINANCIAL AUDIT SERVICES**

**SOLICITATION NUMBER 23-015**

**FEBRUARY 2023**

## Exhibit "A"

### FINANCIAL AUDIT SERVICES PART I GENERAL REQUIREMENTS

1. **PURPOSE:** The City of Round Rock, herein after “the City” seeks proposals from firms experienced in financial audit services to audit its financial statements for the fiscal year ending September 30, 2023, and for each of the five (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards set forth by the Comptroller General of the United States *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984 (as amended in 1996), and U.S. Office of Management and Budget (OMB) Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.
2. **BACKGROUND:** The City is a home-rule municipality operating under a Council-Manager form of government. The City serves an area of approximately 28 square miles with a population over 124,000. The City’s fiscal year begins on October 1 and ends on September 30.
  - A. The services provided by the City under general governmental functions include police and fire protection, street maintenance, public improvements, planning and zoning, parks operation and maintenance, library services, and administrative services necessary to serve the citizens of Round Rock. In addition, water, wastewater, drainage, and golf services are operated under an Enterprise Fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt.
  - B. The City has a total biweekly payroll of approximately \$2,300,000 covering 1,100 employees.
  - C. The City is organized into fifteen (15) departments. The accounting and financial reporting functions of the City are centralized.
  - D. Detailed information of the City, including the Charter, current and prior Comprehensive Annual Financial Reports, Annual Budget, maps and background information can be found on-line on the City’s website, [www.roundrocktexas.gov](http://www.roundrocktexas.gov), and at the City’s Library located at 216 East Main, Round Rock, Texas 78664.
3. **SOLICITATION PACKET:** This solicitation packet is comprised of the following:

Description	Index
Part I – General Requirements	Page(s) 2-4
Part II – Definitions, Standard Terms and Conditions, and Insurance Requirements	Page 5
Part III – Supplemental Terms and Conditions	Page(s) 6-8
Part IV – Statement of Work	Page(s) 9-12
Part V – Proposal Preparation Instructions and Evaluation Factors	Page(s) 13-16
Attachment A – Reference Sheet	Separate Attachment
Attachment B – Cost Proposal Sheet	Separate Attachment

4. **SCHEDULE OF EVENTS:** It is the City’s intention to follow the solicitation timeline below.

EVENT	DATE
Solicitation released	February 24, 2023
Deadline for submission of questions	March 8, 2023 @ 5:00 PM, CST
City responses to questions or addendums	March 13, 2023 @ 5:00 PM, CST
<b>Deadline for submission of responses</b>	<b>March 24, 2023 @ 3:00 PM, CST</b>



## Exhibit "A"

All questions regarding the solicitation shall be submitted through Bonfire in writing by 5:00 PM, CST on the due date noted above. A copy of all questions submitted and the City's response to the questions shall be posted on the City's webpage in the form of an addendum at:

<https://roundrocktexas.bonfirehub.com>

The City reserves the right to modify these dates. Notice of date change will be posted to the City's website:

<https://roundrocktexas.bonfirehub.com>

5. **SOLICITATION UPDATES:** Respondents shall be responsible for monitoring the City's website at <https://roundrocktexas.bonfirehub.com> for any updates pertaining to the solicitation described herein. Various updates may include addendums, cancellations, notifications, and any other pertinent information necessary for the submission of a correct and accurate response. The City will not be held responsible for any further communication beyond updating the website.
6. **RESPONSE DUE DATE:** Appropriately submitted responses are due at or before 3:00 PM, on the due date noted in PART I, Section 4— Schedule of Events. The Offeror shall respond via the City's electronic bidding platform, Bonfire: <https://roundrocktexas.bonfirehub.com>
  - A. This request for proposal (RFP) does not commit the City to contract for any supply or service.
  - B. No paper or submittals outside of Bonfire will be accepted by the City.
  - C. Responses cannot be altered or amended after digital opening.
  - D. No response can be withdrawn after opening without written approval from the City for an acceptable reason.
  - E. The City will not be bound by any oral statement or offer made contrary to the written specifications.
  - F. Samples and/or copies shall be provided at the Respondent's expense and shall become the property of the City.
  - G. Late responses will not be considered.
7. **CERTIFICATE OF INTERESTED PARTIES:** Section 2252.908 of the Texas Government Code requires the successful offeror to complete a Form 1295 "Certificate of Interested Parties" that is signed for a contract award requiring council authorization. The "Certificate of Interested Parties" form must be completed on the Texas Ethics Commission website, printed, signed, and submitted to the City by the authorized agent of the Business Entity with acknowledgment that disclosure is made under oath and under penalty of perjury prior to final contract execution. Link to Texas Ethics Commission Webpage: [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)
8. **EX PARTE COMMUNICATION:** Please note that to insure the proper and fair evaluation of an offer, the City of Round Rock prohibits ex parte communication (e.g., unsolicited) initiated by the Offeror to the City Official, Employee, City Consultant, or Evaluation Team member evaluating or considering the offers prior to the time an award decision has been confirmed. Communication between an Offeror and the City will be initiated by the appropriate City Official or Employee in order to obtain information or clarification needed to develop a proper and accurate evaluation of the offer. Ex parte communication may be grounds for disqualifying the offending Offeror from consideration of award in evaluation or any future bid.
9. **OPPORTUNITY TO PROTEST:** The Purchasing Manager for the City of Round Rock ("City"), in consultation with the City Attorney, shall have the authority to settle or resolve any dispute concerning the solicitation or award of a contract. The Purchasing Manager may solicit written responses to the protest from other interested parties. The aggrieved person must prepare his or her complaint in writing and send it by electronic mail to the City's Purchasing Department at [protest@roundrocktexas.gov](mailto:protest@roundrocktexas.gov).

In the event of a timely protest, the City shall not proceed further with the solicitation or award of a contract unless it is determined that the award must take place without delay, to protect the best interests of the City. The procedures for notifying the City of an alleged deficiency or filing a protest are listed below. If you fail to comply with any of these requirements, the Purchasing Office may dismiss your complaint or protest.

## Exhibit "A"

- A. **Prior to Offer Due Date:** If you are a prospective offeror for the award of a contract ("Offeror") and you become aware of the facts regarding what you believe is a deficiency in the solicitation process before the due date for receipt of offers in response to a solicitation ("Offers"), you must notify the City in writing of the alleged deficiency before that date, giving the City an opportunity to resolve the situation prior to the Offer due date.
- B. **After Offer Due Date:** If you submit an Offer to the City and you believe that there has been a deficiency in the solicitation process or the award, you have the opportunity to protest the solicitation process, or the recommended award as follows:
- i. You must file a written notice of your intent to protest within four (4) working days of the date that you know or should have known of the facts relating to the protest. If you do not file a written notice of intent within this time, you have waived all rights to protest the solicitation process or the award.
  - ii. You must file your formal written protest within ten (10) working days of the date that you know or should have known of the facts relating to the protest unless you know of the facts before the Offer has been closed. If you know of the facts before those dates, you must notify the City as stated in section (A) above.
  - iii. You must submit your protest in writing and must include the following information:
    - a. your name, address, telephone number, and email address.
    - b. the solicitation number.
    - c. a specific identification of the statutory or regulatory provision that you are alleging has been violated.
    - d. a detailed statement of the factual grounds for your protest, including copies of any relevant documents.
    - e. a statement of any issues of law or fact that you contend must be resolved; and
    - f. a statement of the argument and authority that you offer in support of your protest.
  - iv. Your protest must be concise and presented logically and factually to help with the City's review.
- C. **Receipt of Timely Protest:** When the City receives a timely and complete written protest, the Purchasing Manager, with assistance from the City Attorney, shall make one of the following determinations:
- i. Determine that a violation of rules and statutes has occurred prior to the award of the contract and inform you and other interested parties of the determination. The City will prepare updated solicitation documents and will re-solicit.
  - ii. Determine that no violation of rules or statutes has occurred and inform you and other interested parties of the decision by letter. The reasons for the determination will be presented in the letter.
  - iii. Determine that a violation of rules and statutes has occurred after the award of the contract and inform you and other interested parties of the determination. However, the awarded contract will not be canceled. As needed, corrective actions may be taken with purchasing or any other pertinent City staff.
  - iv. A determination will usually be made within fifteen (15) business days after receipt of the formal protest.
  - v. **Any written decisions by the Purchasing Manager shall be the final administrative action for the City.**

All documentation pertaining to a protest will be kept on file at the City and are subject to open records requests.

## Exhibit "A"

### **PART II DEFINITIONS, STANDARD TERMS AND CONDITIONS, AND INSURANCE REQUIREMENTS**

1. **DEFINITIONS, STANDARD TERMS AND CONDITIONS:** By submitting a response to this solicitation, the Respondent agrees that the City's Definitions and Standard Terms and Conditions, in effect at the time of release of the solicitation, shall govern unless specifically provided otherwise in a separate agreement or on the face of a purchase order. These can be obtained from the City's website at: <https://www.roundrocktexas.gov/city-departments/purchasing/>. In addition, the Supplemental Terms and Conditions listed in Section III, shall also be enforced as part of the contract.
2. **INSURANCE:** The Respondent shall meet or exceed all insurance requirements set forth in Standard Insurance Requirements. The City's Standard Insurance Requirements document can be viewed and downloaded from the City's website at: <https://www.roundrocktexas.gov/city-departments/purchasing/>.  
  
In addition, the Respondent shall obtain and maintain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof and shall continue to maintain the insurance policy in full force and effect during the term of an agreement entered into as a result of this solicitation.

## Exhibit "A"

### PART III SUPPLEMENTAL TERMS AND CONDITIONS

1. **AGREEMENT TERM:** The terms of the awarded agreement shall include but not be limited to the following:
  - A. The term of the resulting Agreement shall be effective on the date it has been signed by each party and shall remain effective until auditing services for five (5) fiscal years (Fiscal Year 2023 through Fiscal Year 2027) have been fully completed to the satisfaction of the City.
  - B. The City reserves the right to review the Respondents' performance at the end of each twelve (12) month period and cancel all or part of the agreement or continue the agreement through the next period.
  - C. The City will require a Letter of Engagement executed annually prior to the beginning of each succeeding twelve (12) months term.
  - D. If the Respondent fails to perform its duties in a reasonable and competent manner, the City shall give written notice to the Respondent of the deficiencies and the Respondent shall have thirty (30) days to correct such deficiencies. If the Respondent fails to correct the deficiencies within the thirty (30) days, the City may terminate the agreement or letter of engagement by giving the Respondent written notice of termination and the reason for the termination.
  - E. If the Letter of Engagement is terminated, for any reason, the Respondent shall turn over all records, to include but not be limited to the following: records of services, deliverables, and transactions, to the City within fifteen (15) working days after the date of termination.
  - F. If the Agreement is terminated, for any reason, the Respondent shall turn over all records to the City within fifteen (15) working days after completion of duties contained in the Agreement.
2. **RESPONDENT QUALIFICATIONS:** Respondent shall, at a minimum, confirm they meet and address the following requirements in their proposal response:
  - A. Be firms, corporations, individuals, or partnerships normally engaged in providing financial auditing services for governmental agencies as specified herein and have adequate organization, facilities, equipment, financial capability, and personnel to ensure prompt and efficient service to the City.
  - B. In order to confirm financial stability, the City may choose to review audited financial statements at any time throughout the RFP evaluation process. Upon request, the Respondent shall provide two years audited financial statements, including any notes or supplemental schedules within 2 business days of the original request.
  - C. Be domiciled in or have a home office inside the United States. Respondents domiciled outside the United States, or not having a home office inside the United States will not be included for consideration in this RFP process.
  - D. Be independent and licensed to practice in Texas.
  - E. Have no conflict of interest with regard to any other work performed by the firm for the City. Respondents shall be neutral and impartial, shall not advocate specific position to the City. Respondents shall identify the extent, nature, and length of these relationships or engagements. Entities having a conflict of interest, as determined by the City, will not be eligible for contract award.
  - F. Respondent has performed five or more audits of Texas Municipalities in the past two (2) years.
  - G. Prepared five or more ACFRs that have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
3. **SUBCONTRACTORS:** Respondent shall not subcontract or otherwise engage subcontractors to perform required services. The City seeks to do business directly with a company experienced in financial audit services.
4. **SAFETY:** The City reserves the right to remove any employee from City property for violation of federal, state, and local health, safety and environmental laws, ordinances, rules, and regulations. The Respondent shall:
  - A. Ensure that all employees comply with all Occupational Safety and Health Administration (OSHA), State and City safety and occupational health standards and other applicable federal, state, and local health, safety, and environmental laws ordinances, rules, and regulations in the performance of these services.

## Exhibit "A"

- B. Be held responsible for the safety of their employees and unsafe acts or conditions that may cause injury or damage to any persons or property within and around the work site. In case of conflict, the most stringent safety requirement shall govern.
  - C. Indemnify and hold the City harmless from and against all claims, demands, suits, actions, judgments, fines penalties and liability of every kind arising from the breach of the Contractor's obligations under this paragraph.
5. **PRICING:** The Respondent shall determine and submit a fixed cost for the work and shall include all incidental costs, labor, overhead charges, travel, payroll expenses, freight, equipment acquisition and maintenance, demurrage, fuel surcharges, delivery charges, costs associated with obtaining insurance, bonds, and risk management. No separate line-item charges shall be permitted for either response or invoice purposes.
6. **PRICE INCREASE:** Contract prices for financial audit services shall remain firm throughout the initial twelve (12) month term of the contract. A price increase to the agreement may be considered on the anniversary date of the Contract each year and shall be equal to the consumer price index for that year, but at no time can the increase be greater than 10% for any single line item unless otherwise approved by the City.
- A. **Consumer Price Index (CPI):** Price adjustments will be made in accordance with the percentage change in the U.S. Department of Labor Consumer Price Index (CPI-U) for all Urban Consumers. The price adjustment rate will be determined by comparing the percentage difference between the CPI in effect for the base year six-month average (January through June OR July through December), and each (January through June OR July through December six month average) thereafter. The percentage difference between those two CPI issues will be the price adjustment rate. No retroactive contract price adjustments will be allowed. The Consumer Price Index (CPI) is found at the Bureau of Labor Statistics, Consumer Price Index website: <http://www.bls.gov/cpi>
  - B. **Procedure to Request Increase:**
    - i. Email the written price increase request to [purchasing@roundrocktexas.gov](mailto:purchasing@roundrocktexas.gov) with the rate detail comparison, a comprehensive calculation, and any supporting documentation to the designated City Contract Specialist a minimum of 45 days prior to the annual Contract anniversary date. The detailed written calculation will be verified and confirmed. All written requests for increases must include the City of Round Rock contract number, solicitation reference information and contact information for the authorized representative requesting the increase.
    - ii. Upon receipt of the request, the City reserves the right to either accept the escalation and make change to the purchase order within 30 days of the request or negotiate with the Vendor or cancel the agreement or purchase order if an agreement cannot be reached on the value of the increase.
7. **PERFORMANCE REVIEW:** The City reserves the right to review the awarded Contractor's performance anytime during the contract term.
8. **AWARD:** The City reserves the right to enter into an Agreement or a Purchase Order with a single award, split award, primary and secondary award, non-award, or use any combination that best serves the interest and at the sole discretion of the City. Respondents to the solicitation will be notified when City staff recommendation of award has been made. The award announcement will be posted to the City's website at <https://roundrocktexas.bonfirehub.com> once City Council has approved the recommendation of award and the agreement has been executed.
9. **POINT OF CONTACT / DESIGNATED REPRESENTATIVE:**
- A. **Contractor's point of contact:** In order to maintain consistent standards of quality work performed across the City, the City shall be provided with a designated and identified point of contact upon award of the contract to include contact information. The City's designated representative shall be notified by the Respondent immediately should the point of contact change.

B. **The City's designated representative:** The City's designated representative shall be:

**Melana Taylor**  
**Deputy Chief Financial Officer**  
**Finance**  
**Phone: 512-218-3295**  
**E-mail: [mtaylor@roundrocktexas.gov](mailto:mtaylor@roundrocktexas.gov)**

## Exhibit "A"

### PART IV STATEMENT OF WORK

#### 1. **BACKGROUND INFORMATION**

- A. **Fund Structure:** The City uses the following fund types and account groups in its financial reporting:

Fund Type	Number of Individual Funds
General Fund	1
Special revenue funds	9
Debt service funds	4
Capital projects funds	9
Enterprise funds- Utility	14
Enterprise funds- Golf	3
Internal service funds	2

NOTE: Several of the above funds are combined for reporting purposes.

- B. **Budgetary Basis of Accounting:** The City prepares its governmental fund type budgets on a basis consistent with generally accepted accounting principles.
- C. **Federal And State Financial Assistance Awards:** During the fiscal years to be audited, the City receives the following Federal and State financial assistance awards:
- U.S. Department of Transportation
  - U.S. Department of Homeland Security
  - U.S. Department of Treasury
  - U.S. Department of Justice
  - U.S. Department of Housing & Urban Development
  - Texas State Library & Archives Commission
- D. **Pension Plans:** The City provides pension benefits for all its full-time employees through a non-traditional, joint contributory, hybrid benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.
- E. **Blended Component Unit:** A seven-member board appointed by the City Council governs the Round Rock Transportation and Economic Development Corporation (Corporation), an entity legally separate from the City. The City Council maintains budgetary control of the Corporation. For financial reporting purposes the Corporation is presented as a part of the City's operations. The revenues of the Corporation and its administrative expenditures are accounted for in a special revenue fund; debt service is accounted for in the separate corporation debt service fund, while the capital improvements are accounted for in a capital projects fund.
- This component unit is to be audited as part of the audit of the City of Round Rock's financial statements.
- F. **Magnitude of Finance Operations:** The Finance Division is headed by the Chief Financial Officer and consists of fifty-nine (59) employees. The principal functions performed, and the numbers of employees assigned to each are as follows:

Function	Number of Employees
Accounts Payable	2
General Ledger	3
Construction Improvement Projects	2
Purchasing	6
Payroll	3
Asset Management/Grants	1
Budget	3
Contract Management	1
Treasury/Banking	1
Municipal Court	13

## Exhibit "A"

Utility Billing	17
Accounting Supervisors	3
Accounting Managers	2
Deputy Chief Financial Officer	1
Chief Financial Officer	1

G. **Computer Systems:** The City utilizes the following systems for transactions:

- i. Tyler Technology's Incode for Court Department.
- ii. Tyler Technology's Munis for Financial, Human Resources, Payroll and Utility Billing.

2. **SCOPE OF WORK:** The Respondent shall provide the following auditing services, and in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA), U.S. GAO *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. OMB Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*:

- A. Express an opinion on the fair presentation of the City's basic financial statements in conformity with generally accepted accounting principles; auditing of the basic financial statements; performance of certain limited procedures mandated by generally accepted auditing standards; auditing of information contained in the Schedule of Expenditures of Federal Awards and evaluating the effectiveness of the City's internal controls.
- B. Perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- C. Advise the City on meeting the most current post disclosure requirements in its supplementary section of the Annual Comprehensive Financial Report (ACFR).
- D. Audit information contained in a schedule of federal and state financial assistance – this information must be subjected to the auditing procedures applied in the audit of basic financial statements and in accordance with Governmental Auditing Standards, the Single Audit Act as amended in 1996, US Office of Management and Budget ("OMB") Uniform Guidance and the State of Texas Uniform Grants Management Standards, Chapter IV, Texas State Single Audit Circular. As needed, an opinion of the fair presentation of this schedule in relation to the basic financial statements taken as a whole must be provided.
- E. Perform certain limited procedures on management controls on investments and adherence to the City's established investment policies, as required by Texas state law.
- F. The Respondent may be requested to provide other types of services. Examples include additional audits or reviews of specific areas such as the City's utility funds, component units, cost studies, and other consulting services. The scope of the City's annual audit may be broadened and/or special projects assigned with the advance written consent of the City, and fees for such additional services must be determined in writing in advance.
- G. Perform additional services and provide technical support throughout the year, including new GASB pronouncements.
- H. **Personnel:** Work may be performed on site or remote.
  - i. Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.
  - ii. Consultants and firm specialists mentioned in response to this solicitation can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.
  - iii. Other audit personnel may be changed at the discretion of the Respondent provided that replacements have substantially the same or better qualifications or experience.



## Exhibit "A"

- 3. REQUIRED REPORTS:** The primary purpose of the required auditing services shall be to express an opinion on the basic financial statements taken as a whole. The combining and non-combining major fund type statements and supplementary schedules shall be subject to the same auditing procedures as the audit of the basic financial statements.
- A. Following the completion of audit of the fiscal year's financial statements, the Contractor shall issue all reports currently required by the state and federal grantors, the American Institute of Certified Public Accountants, GASB, the Government Finance Officers Association ("GFOA") of the United States and Canada, and any other regulatory agencies.
  - B. In the required reports on internal audits, the Contractor shall communicate any reportable conditions discovered during the audit to the Chief Financial Officer and the City's governing body. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.
  - C. Non-reportable conditions discovered by the Contractor shall be reported in a separate letter to management, which shall be referenced in the reports on internal controls.
  - D. A report shall also be issued on the Schedule of Expenditures of Federal Awards and the internal control structure used in administering those financial awards.
  - E. The Contractor shall be required to make an immediate written report to the Chief Financial Officer and the governing body detailing any and all irregularities and illegal acts discovered.
  - F. Upon written request, the Contractor shall provide detailed reports including audited financial statements on the City's component units or the utility, the cost for which must be established in writing in advance.
  - G. The Contractor shall ensure that the City's Mayor and governing body are informed of each of the following in its report:
    - i. Responsibilities of auditors under generally accepted and government auditing standards.
    - ii. Significant accounting policies.
    - iii. Management judgments and accounting estimates.
    - iv. Significant audit adjustments.
    - v. Other information in documents containing audited financial statements.
    - vi. Disagreements with management.
    - vii. Management consultation with other professional accountants.
    - viii. Major issues discussed with management prior to retention of the selected firm.
    - ix. Difficulties encountered in performing the audit.
    - x. The Contractor shall provide the City with information relating to regulation changes that affect the City and its operations such as timely notification of changes proposed or initiated by GASB, FASB, or GAO.
- 4. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS:** All working papers and reports shall be retained, at the Contractor's expense, for a minimum of five (5) years, from completion of the audit, unless the firm is notified, in writing by the City, to extend the retention period. The Contractor shall make working papers accessible, upon request, to the following parties or their designees:
- City of Round Rock
  - State or Federal grant agencies
  - U.S. Government Accountability Office
  - Parties designated by the federal or state governments or by the City as part of an audit quality review process.
  - Auditors of entities of which the City is a subrecipient of grant funds.
  - In addition, the Respondent shall respond to inquiries of successor auditors and allow successor auditors to review working papers related to matters of continuing accounting significance.
  - Legal Requirements: It shall be the responsibility of the Respondent to be knowledgeable of all Federal, State and Local laws, ordinances, rules, and regulations that in any manner affect the services covered herein which may apply.

## Exhibit "A"

5. **CITY RESPONSIBILITIES:** The City will provide the following to the Contractor-
- A. City staff will prepare supporting schedules and all financial statements. An interim "prepared by client list" is to be provided to the Chief Financial Officer on or before June 15th of each year under contract. This list should include adequate detail and explanation as to the purpose of the working paper or item requested. City staff will be available to the Contractor for purposes of pulling invoices, providing access to proper files or for explanation of procedures. Similarly, a final prepared by client list is to be provided to the Chief Financial Officer no later than four weeks prior to the start of final fieldwork. City staff and responsible management will be available during normal working hours throughout the course of the audit to assist the Contractor by providing information, documentation, and explanations. Preparation of confirmations shall be the sole responsibility of the Contractor.
  - B. The City will provide workspace, desks, chairs, Wi-Fi internet access and photocopying equipment.
  - C. The Contractor will be provided with VPN access for remote work.
6. **ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR):** City staff prepares all information included in the City's ACFR, and the Contractor shall review this information and approve the ACFR prior to printing. The Schedule of Expenditures of Federal Awards, and related auditor's reports as well as reports on internal control structure and compliance must be included in the ACFR.
7. **SCHEDULE FOR INITIAL FISCAL YEAR AUDIT:** The Contractor shall submit a schedule of the following audit functions to the Controller for review:
- A. Audit planning and scheduling – expected to be performed in May.
  - B. Information to be provided by the City – an interim "prepared by client list" is to be provided to the Chief Financial Officer on or before June 15<sup>th</sup> of each year under contract.
  - C. Interim – expected start and completion dates (early July-early August). Historically, auditors have spent 4 weeks or less on site.
  - D. Completion of field work for initial audit – the Contractor shall make every effort to complete all required field work no later than December 1, 2023, to allow the City to draft its Comprehensive Annual Financial Report. A final prepared by client list is to be provided to the Chief Financial Officer no later than 4 weeks prior to the start of final fieldwork.
8. **ENTRANCE CONFERENCES, PROGRESS REPORTS, AND EXIT CONFERENCES:** The Contractor shall schedule an entrance conference, periodic progress reports and an exit conference with the Chief Financial Officer or relevant staff. **Fees for these events must be stated in the proposal.** In the event additional meetings are required, such meetings must be agreed upon in writing in advance by the City.
9. **FINAL REPORT DUE DATE:** City staff will prepare draft financial statements, notes and all required supplementary schedules and statistical data for submission to the Contractor for review no later than **January 12, 2024**, and the Contractor shall provide all recommendations, revisions, and suggestions for improvements to the Chief Financial Officer within five days of receipt of the draft. The final ACFR and auditor's opinion shall be issued no later than February 2, 2024.

## Exhibit "A"

### PART V PROPOSAL PREPARATION INSTRUCTIONS AND EVALUATION FACTORS

1. **PROPOSAL ACCEPTANCE PERIOD:** All proposals are valid for a period of one hundred and twenty (120) calendar days subsequent to the RFP closing date unless a longer acceptance period is offered in the proposal.
2. **PROPOSAL RESPONSE:** Responses shall be clear and concise while appropriately responding to the evaluation criteria listed below in Section 3. In order to do business with the City of Round Rock you must be registered with the City's Vendor Database. To register, go to:  
<https://roundrocktxvendors.munisselfservice.com/Vendors/default.aspx>

**Proposal Submittal Instructions:** The Respondent shall include all of the following documents in their response-

- ☐ Attachment A- Reference Sheet
- ☐ Attachment B- Cost Proposal Sheet
- ☐ Acknowledged Addenda (if applicable)
- ☐ Company Information- which gives in brief, concise terms, a summation of the proposal. Include the following-
  - Business Organization: State full name and address of your organization and identify parent company if you are a subsidiary. Specify the branch office or other subordinate element which will perform, or assist in performing, work herein. Indicate whether you operate as a partnership, corporation, or individual. Include the State in which incorporated or licensed to operate.
  - Project Management Structure: Provide a general explanation and chart which specifies project leadership and reporting responsibilities; and interface the team with City project management and team personnel.
  - Authorized Negotiator: Include the name, email address, and telephone number of the person(s) in your organization authorized to negotiate Contract terms and render binding decisions on Contract matters.
- ☐ Segment requirements listed below in Part V, Item 3.
- ☐ Letter of Transmittal.
  - a. Briefly state your firm's understanding for the services to be performed and make a positive commitment to provide the services as specified.
  - b. A statement of affirmation warranting compliance with State of Texas laws with respect to foreign (non-state of Texas) corporations.
  - c. A statement of affirmation warranting responsibilities shall not be delegated or subcontracted without prior written permission of the City.
  - d. A statement why the firm believes itself to be best qualified to perform the engagement and a statement that the response is a firm offer for the period stated.
  - e. Provide the name(s) of the person(s) authorized to make representations for your firm, their titles, address, telephone numbers and e-mail address.
- ☐ A statement of your compliance with all applicable rules and regulations of Federal, State and Local governing entities.
- ☐ List of Exceptions (if any)- Be advised that exceptions to any portion of the Solicitation may jeopardize acceptance of the Proposal by the City. Exceptions to this solicitation if any, shall be submitted on a separate sheet labeled "Exceptions" with the Respondent's proposal.
- ☐ List of any additional fees not specifically called out by the City in Attachment B- Cost Proposal Sheet that may be required to perform the tasks requested by this solicitation.

## Exhibit "A"

### 3. **EVALUATION CRITERIA:**

#### A. Segment 1 – Company Work Experience and Personnel

- i. **Company Work Experience:** State the number of years the Respondent company has been providing the services requested in the solicitation. Describe only relevant municipal, corporate, and individual experience for the company and personnel who will be actively engaged in the project. Do not include corporate experience unless personnel assigned to this project actively participated. Do not include experience prior to 2017. Supply the project title, year, and reference name, title, present address, and phone number of principal persons for whom prior projects were accomplished.
  - 1) Respondent shall submit a copy of the report on its most recent peer review, with a statement whether that peer review included a review of specific government engagements, and whether in the most recent review, an unmodified opinion was issued.
  - 2) Respondent 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, Respondent shall provide information on the circumstances and status of any disciplinary action taken or pending against the Respondent during the past three (3) years with state regulatory bodies or professional organizations.
  - 3) In addition to the submission of Attachment A- Reference Sheet, list separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (e.g. audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.
  - 4) For the Respondent's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this solicitation. These engagements shall be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
- ii. **Personnel:** Include names, qualifications, and resumes of all personnel who will be assigned to the account. State the primary work assigned to each person and the percentage of time each person will devote to this work. Identify key persons by name and title.
  - 1) Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Texas. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
  - 2) Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, and specific experience related to GFOA Certificate of Achievement for Excellence in Financial Reporting, 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.
  - 3) Adequacy of proposed staffing plan for various segments of the engagement.
  - 4) Past experience of Respondent's professional personnel to be assigned to the engagement with the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

#### B. Segment 2- Respondent's Methodology, Approach, & Timeline

**Respondent's Method and Approach:** Respondent shall define the method and approach to be used. The Response shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services. In developing the work plan, reference shall be made to such sources of information as City budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Respondents shall provide the following information on their audit approach:

- i. Proposed segmentation of the engagement.

## Exhibit "A"

- ii. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- iii. Sample size and the extent to which statistical sampling is to be used in the engagement.
- iv. Extent of use of computer audit tools in the engagement.
- v. Type and extent of analytical procedures to be used in the engagement.
- vi. Approach to be taken to gain and document an understanding of the City's internal control structure
- vii. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- viii. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- ix. Approach and frequency to be taken regarding regular communications with the Chief Financial Officer regarding the engagement status.
- x. Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

**Timeline:** The Respondent shall submit a detailed schedule for the Fiscal Year 2023 audit per these specifications:

- i. Interim work start and completion dates. Historically, performed late July and early August of the year. An "interim prepared by client list" is to be provided to the City no less than two weeks prior to the start of interim field work.
  - ii. A detailed audit plan and a list of all schedules needed shall be provided to the City by September 30 of the year audited.
  - iii. The Respondent shall use their best efforts to complete all fieldwork no later than December 1, 2023, and each subsequent year.
  - iv. Entrance conferences, progress reporting and exit conferences shall be developed for audits of current and future fiscal years, provided, the City exercises its option for additional audits. Contractor shall schedule them with the Chief Financial Officer.
- C. **Segment 3 – Cost Proposal:** Complete and submit with your response to Attachment B- Cost Proposal Sheets. A firm fixed price or not-to-exceed Contract is contemplated. Include a list of any additional fees not specifically called out by the City in Attachment B- Cost Proposal Sheet that may be required to perform the tasks requested by this solicitation.
- D. **Evaluation Scoring:** The intent of the City is to award to one Respondent in accordance with the evaluation criteria below. The purpose of this evaluation criteria is to determine which proposal *best meets the requirements and provides the best overall value to the City.*

• Company Work Experience and Personnel (Segment 1)	40 pts
• Respondent's Solution, Methodology, & Timeline (Segment 2)	40 pts
• <u>Cost Proposal (Segment 3)</u>	<u>20 pts</u>
Maximum Weight:	100 pts

## Exhibit "A"

- i. An evaluation committee will be established to evaluate the proposal. The committee will include employees of the City and may include other impartial individuals who are not City employees. The evaluation committee will determine if discussions and/or Best and Final Offers (BAFO) are necessary. Award of a contract may be made without discussions or BAFO, if in the best interest of the City. The evaluation committee may determine that discussions are necessary to clarify or verify a written proposal response. The City may, at its discretion, elect to have respondents provide oral presentations of their proposal. The City reserves the right to rescore an offer based on provided demonstrations. A request for a BAFO is at the sole discretion of the City and will be requested in writing. The evaluation committee will evaluate the finalists and make a recommendation for award.
- ii. The City reserves the right to reject any or all proposals submitted, or to award to the respondent who in the City's opinion, offers the best value to the City. The City also reserves the right to cancel the RFP process and pursue alternate methods for providing the requirements.
- iii. The City reserves the right to conduct studies and other investigations as necessary to evaluate any proposal.
- iv. The City reserves the right to waive any minor technicality, irregularities, or informalities noted in the submission process. Submission of proposal confers no legal rights upon any Respondent.
- v. The City reserves the right to request further documentation or information and to discuss proposal response with any Respondent in order to answer questions or to clarify any aspects of the proposal.
- vi. The City may develop a "short list" of qualified proposal and may determine that the Respondent(s) should submit a Best and Final Offer (BAFO). Each "short listed" Respondent will be given a reasonable opportunity for discussion and revision of their proposal.

#### **4. AGREEMENT NEGOTIATIONS AND AWARD PROCESS:**

- A. A proposal presented in response to this RFP is subject to negotiation concerning any issues deemed relevant by the City. The City reserves the right to negotiate any issue with any party. Any unsolicited communication by the Respondent to a City official, undesignated employee, or an evaluation team member evaluating or considering the offers may be grounds for disqualifying the offending Offeror from consideration of award.
- B. Submission of proposal indicates the Respondent's acceptance of the evaluation process and recognition that the City may make subjective judgments in evaluating the proposal to determine the best value for the City.
- C. If negotiations are successful, the City and Respondent may enter into an agreement. If negotiations are unsuccessful, the City may formally end negotiations with that Respondent.
- D. The City also reserves the right to reject any or all submittals, or to accept any submittal deemed most advantageous, or to waive any irregularities or informalities in the submittal received.
- E. An independent signed authorized Contract will be sent to the Contractor(s). Execution of a City of Round Rock contract is required prior to starting work and processing any payments to the awarded Respondent.

#### **5. POST AWARD MEETING:** The City and the Respondent may schedule a post award meeting to discuss, but not be limited to the following:

- A. The method to provide a smooth and orderly transition of services performed from the current Contractor.
- B. Provide City contact(s) information for implementation of the Agreement.
- C. Identify specific milestones, goals, and strategies to meet objectives.

Exhibit "A"



*CPAs and Professional Consultants*



# City of Round Rock

## REQUEST FOR PROPOSAL

FINANCIAL AUDIT  
SERVICES

**RFP # 23-015**

**March 24, 2023**

**Patrick Simmons, CPA  
Audit Partner**

3737 Buffalo Speedway  
Suite 1600

Houston, TX 77098

Patrick.Simmons@whitleypenn.com

713-403-3317 (office)

409-771-5264 (mobile)



WE ARE AN INDEPENDENT MEMBER OF  
**THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK**



**AICPA**  
GAQC Member

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March 24, 2023

Melana Taylor, Deputy Chief Financial Officer  
City of Round Rock  
Purchasing Division  
221 East Main Street  
Round Rock, TX 78664

We are pleased to submit our qualifications in response to your Request for Proposal (RFP) # 23-015 to objectively provide audit services for the City of Round Rock (the "City") for the fiscal year ending September 30, 2023, and for each of the four (4) subsequent fiscal years. We believe our proposal demonstrates our resources, governmental auditing experience and philosophy of providing superior service to our clients.

We are staffed to handle this project with appropriate speed and will commit the resources necessary to assist the Finance Department staff in an efficient and effective manner in order to meet the deadline. Our audit plan includes communication with your staff, management and the City Council on a year-round basis to maximize our value to the City.

Whitley Penn LLP, established in 1983, has become one of the region's most distinguished accounting firms by providing exceptional service that reaches far beyond traditional accounting. Our firm is a regional firm with more than 800 people in Austin, Dallas, Fort Worth, Houston, Midland, Odessa, Plano, San Antonio and Hobbs, New Mexico. The firm has consistently received high marks for its practice and management. The success of the firm allows us to bring qualified and experienced personnel to this and all of our governmental engagements. With a dedicated Public Sector team, Whitley Penn is qualified and ready to provide the requested services.

Our Public Sector staff has extensive experience with governmental auditing and financial reporting, federal and state program auditing and compliance, and dealing with federal and state agencies overseeing a wide variety of grants. We bring more than 35 years of broad based experience in government auditing and federal compliance. Whitley Penn is also a member of the Government Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants (AICPA). Our Public Sector staff attends required training in accordance with the Government Accountability Office (GAO) guidelines for federal auditing, agreed upon procedures, and performance audits, a total of 40 instructional hours annually.

We appreciate the opportunity to serve the City and we look forward to meeting with you and discussing further our service philosophy, approach, and methodology. We hope to be able to partner with you, in fulfilling your fiduciary responsibilities by providing you with the highest level of service to better equip you to meet the challenges of the future.

Sincerely,

A handwritten signature in black ink that reads "Patrick Simmons". The signature is written in a cursive, flowing style.

**Patrick Simmons, CPA**  
**Audit Partner**  
3737 Buffalo Speedway  
Suite 1600  
Houston, TX 77098  
Patrick.Simmons@whitleypenn.com  
713-621-1515 (office)  
409-771-5264 (mobile)



## Company Information

### Business Organization

- Name: Whitley Penn, LLP
- Address: 3737 Buffalo Speedway, Suite 1600, Houston, TX 77098
- Office performing work: Houston
- Organization Type: Partnership
- State Incorporated and licensed to operate: Texas

### Project Management Structure:

#### Engagement Partner

Responsible for the overall project leadership and reporting responsibilities. Interacts often with management and provides the audit results presentation to City Council.

#### Engagement Resource Partner

Partner dedicated to the public sector that is available as a resource due to historical knowledge of the City or experience with complex accounting situations. Does not typically interact with City personnel unless requested.

#### Engagement Quality Control Reviewer

Responsible for quality control matters related to the audit process and the final audited financial statements. Does not typically interact directly with City personnel unless requested.

#### Manager

Responsible for planning the engagement in conjunction with City personnel, monitoring audit associates, performing procedures over advanced audit areas, and assisting the City with technical questions or new accounting standard implementation. Interacts often with management and other City personnel in order to manage the audit process efficiently and effectively.

#### Senior Associate

Responsible for communicating requests in the planning stages, leading on-site fieldwork, performing internal control walkthroughs with City personnel, conducting advanced data analytics, and providing constant communication to the City during and after fieldwork. This individual has a high level of interaction with key personnel at various City departments and serves as a key auditor contact for those personnel.

#### Associate

Responsible for performing various audit procedures such as internal control testing, compliance testing, and substantive testing over various areas. This individual typically communicates requests to the City through the senior associate or after review by the engagement manager or partner.

### Authorized Negotiator:

- Name: Patrick Simmons, CPA
- E-mail: [patrick.simmons@whitleypenn.com](mailto:patrick.simmons@whitleypenn.com)
- Telephone: 409-771-5264

# **Segment 1**

## Company Work Experience and Personnel

## Company Work Experience and Personnel



Our goal is not just to continue as the City's auditors but also to be a year-round resource for the City.

### Knowledgeable Professionals

With 86 partners, nine offices, more than 800 employees, and a worldwide affiliation with HLB International, the firm is able to offer a significant level of knowledge and experience. Whitley Penn has been recognized as "One of the Top 100 Firms in the U.S." and "Best of the Best" by *INSIDE Public Accounting* consistently for more than 10 years. The firm's public sector team has extensive experience performing audits and other attestation engagements for municipalities and other governmental entities. In March 2023, Whitley Penn LLP was ranked as the 37th largest firm in the United States.

### Significant Governmental Entity Experience and Dedicated Public Sector Team

Work in the area of Texas municipalities is a significant portion of our firm's practice. Although founded in 1983, Whitley Penn has public sector auditing roots that stretch back into the early 1970's in Galveston, Harris and Fort Bend Counties. We currently serve as auditors for over 100 governmental entities. Our partners have been recognized for their expertise and have conducted seminars on various governmental accounting, auditing and financial reporting topics for the Texas Society of CPAs, other CPA firms, the Texas Association of School Business Officials and the Government Finance Officers Association of Texas. We have a dedicated Public Sector group. These individuals work solely on governmental entities all year round. Our partners hold the advanced single audit certificate issued by the AICPA.

### Experienced Engagement Leadership

Whitley Penn offers four partners and one quality control reviewer, with experience ranging from 10 to 46 years, who are dedicated to municipalities and other governmental entities. All of our management staff receives annual training in governmental auditing, accounting and financial reporting. Our firm is also in the process of planning for and performing the services you have requested for our existing municipal clients. We have extensive experience in performing management and performance review services for Texas state agencies, for agencies in other states and for local governments in Texas and other states.

### Peer Review Report

Our firm has completed a peer review performed by a selected firm in accordance with the AICPA's Securities Exchange Commission (SEC) Practice Section requirements. This peer review covered the year ended April 30, 2021, and resulted in a rating of pass (unmodified). The review included engagements performed under the *Government Auditing Standards*. We perform our internal inspections annually as required by program requirements. The frequency of peer reviews is every third year. We have included a copy of our most recent peer review letter on the next page of this proposal. Whitley Penn has been a member of the AICPA's Governmental Audit Quality Center for more than 14 years.





## Company Work Experience and Personnel

### Peer Review Report

Below is a copy of our most recent peer review, which included a review of engagements performed under *Government Auditing Standards* (including compliance audits under the Single Audit Act). The result of the peer review was an unmodified opinion.



CliftonLarsonAllen LLP  
CLAconnect.com

### REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of Whitley Penn LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Whitley Penn LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* (including compliance audits under the Single Audit Act), audits of employee benefit plans, audits performed under the Federal Deposit Insurance Corporation Improvement Act (FDICIA), and an examination of a service organization (SOC 1 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



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## Company Work Experience and Personnel

### Peer Review Report (continued)

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Whitley Penn LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Whitley Penn LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona  
October 6, 2021



## Company Work Experience and Personnel

### Federal and State Desk Review

Whitley Penn has not received a federal or state desk review or field review of our audits during the past three (3) years. We have been successful in the past at receiving non-adverse desk and field reviews due to our commitment to quality.

### Reprimand Statement

The firm is currently not under reprimand of the Texas State Board of Public Accountancy and/or licensing boards of other states. In 2020, during an investigation related to a former client, the PCAOB and the firm negotiated a settlement which resulted in a fine and certain required enhancements to the firm's audit quality control process. As required, the firm reported the settlement to the Texas State Board of Public Accountancy. After review, the TSBPA concurred with the PCAOB's terms and imposed an additional fine on the firm. The firm has fully complied with all portions of the orders. The individuals involved in the investigation did not include any public sector partners or any public sector team members.



## Company Work Experience and Personnel

### All Engagements Within the Last Five Years

City	Scope of Work	Date	Engagement Partner	Total Hours	Location of Office	Client Contact
City of Galveston	Financial Statement Audit and Single Audit	2015 - Current	Patrick Simmons	750	Houston	Mike Loftin Finance Director 409-797-3500 mloftin@galvestontx.gov
City of Greenville	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2018-2021	Roger Tovar	700	Dallas	GP Ippolito Finance Director 903-457-3114 gpiipolito@ci.greenville.tx.us
City of North Richland Hills	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2018 - Current	Patrick Simmons	680	Houston	Mark Mills Finance Director 817-427-6166 mmills@nrhtx.com
City of Conroe	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2020 - Current	Lupe Garcia	650	Houston	Cassandra Smith Accounting Manager 936-522-3034 csmith@cityofconroe.org
City of Beaumont	Financial Statement Audit and Single Audit	2019 - Current	Patrick Simmons	600	Houston	Todd Simoneaux CFO 409-880-3116 todd.simoneaux@beaumonttx-as.gov
City of Liberty Hill	Financial Statement Audit, Single Audit, and Report Preparation	2020 - Current	Lupe Garcia	550	Austin	Misti Hancock Assistant Director of Finance 812-548-5506 mhancock@libertyhilltx.gov
City of Freeport	Financial Statement Audit, Single Audit, and Report Preparation	2018 - Current	Patrick Simmons	550	Houston	Catherine Ezell Finance Director 979-871-0107 cezell@freeport.tx.us
City of Texas City	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	10+ Years - Current	Patrick Simmons	500	Houston	Laura R. Boyd Director of Finance 409-643-5907 lboyd@texascitytx.gov
City of Katy	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	10+ Years - Current	Lupe Garcia	500	Houston	Andrew A. Vasquez Finance Director 281-391-4816 avasquez@cityofkaty.com
City of Kermit	Financial Statement Audit, Single Audit, and Report Preparation	2021 - Current	Roger Tovar	400	Fort Worth	Frankie Davis City Manager 432-586-3460 city.mgr@cityofkermit.net
City of La Porte	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	10+ Years - Current	Lupe Garcia	380	Houston	Shelley Wolny Assistant Director of Finance 281-470-5037 wolnys@laportetx.gov
City of Friendswood	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2018 - Current	Lupe Garcia	350	Houston	Katina Hampton Director of Administrative Services 281-996-3200 khampton@ci.friendswood.tx.us





## Company Work Experience and Personnel

### All Engagements Within the Last Five Years (continued)

City	Scope of Work	Date	Engagement Partner	Total Hours	Location of Office	Client Contact
City of Humble	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	10+ Years - Current	Lupe Garcia	350	Houston	Aimee Phillips Assistant City Manager & CFO 281-466-3061 aphillips@cityofhumble.net
City of Aubrey	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2020 - Current	Roger Tovar	350	Houston	Michael English Finance Director 940-440-9343 menglish@aubreytx.gov
City of Bellaire	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2015 - Current	Patrick Simmons	350	Houston	Terrence Beaman Chief Financial Officer 713-662-8251 tbeaman@bellairetx.gov
City of Keller	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2022 - Current	Roger Tovar	350	Fort Worth	Pamela McGee Assistant Director of Finance 817-743-4028 pmcgee@cityofkeller.com
City of Stafford	Financial Statement Audit, Single Audit, and Report Preparation	10+ Years - Current	Patrick Simmons	300	Houston	Alka Shah Director of Finance 281-261-3910 AShah@staffordtx.gov
City of Dripping Springs	Financial Statement Audit, Single Audit, and Report Preparation	2022 - Current	Roger Tovar	250	Fort Worth	Shawn Cox 512-858-7425 scox@cityofdrippingsprings.com
City of Hitchcock	Financial Statement Audit, Single Audit, and Report Preparation	10+ Years - Current	Patrick Simmons	220	Houston	Marie Gelles City Manager 210-887-8559 mgelles@cityofhitchcock.org
City of Iowa Colony	Financial Statement Audit and Report Preparation	10+ Years - Current	Patrick Simmons	150	Houston	Robert Hemminger City Manager 346-395-4559 rhemminger@iowacolonytx.gov

### Most Significant Engagements Performed in the Last Five Years

City	Scope of Work	Date	Engagement Partner	Total Hours	Client Contact
City of Galveston	Financial Statement Audit and Single Audit	2015 - Current	Patrick Simmons	750	Mike Loftin Finance Director 409-797-3500 mloftin@galvestontx.gov
City of North Richland Hills	Financial Statement Audit, Single Audit, and Report Preparation (ACFR)	2018 - Current	Patrick Simmons	680	Mark Mills Finance Director 817-427-6166 mmills@nrhtx.com
City of Beaumont	Financial Statement Audit and Single Audit	2019 - Current	Patrick Simmons	600	Todd Simoneaux CFO 409-880-3116 Todd.Simoneaux@beaumonttexas.gov

## Company Work Experience and Personnel

### Proposed Engagement Team

We are committed to providing you with a team who is knowledgeable, enthusiastic and dedicated to providing superior services. Our firm understands the importance of continuity and as such we have the ability to rotate our managers and partners or pull in those staff with specific expertise as needed for our clients, ensuring personalized service. Each client is actively encouraged to call on us at any time the need arises.

### City of Round Rock Engagement Team



**Patrick Simmons, CPA**  
Engagement Partner



**Guadalupe Garcia, CPA**  
Engagement Resource Partner



**Tom Pedersen, CPA**  
Engagement Quality Control  
Reviewer



**Andrew Jennett, CPA**  
Manager



**Lauren Eaton, CPA**  
Senior Associate

All of our staff including the ones discussed above are dedicated public sector staff. We do not work on corporate clients nor do we provide taxation services. We spend our time working with governmental entities year-round. In addition, our partners are very involved in fieldwork and will be available to you to discuss any matters whether it relates to your audit or implementation of a future GASB pronouncement.

You will have the partners' and managers' mobile numbers to reach them at any time via phone call or text message. We encourage this type of communication so that we can serve you as expeditiously as possible. You will also have access to all resources throughout the firm if you encounter unusual situations that require the expertise of our tax professionals or any other service line within our firm.



## Patrick Simmons, CPA

*Engagement Partner*

Office: 713-621-1515

Cell: 409-771-5264

Patrick.Simmons@whitleypenn.com

### PRACTICE

Audit Services - Public Sector  
Licensed to Practice in the State of Texas

### EDUCATION

BS in University Studies from Texas A&M University

MS in Accounting from University of Houston - Clear Lake

### SIMILAR ENTITIES SERVED:

- City of Arcola
- City of Beaumont
- City of DeSoto
- City of Freeport
- City of Galveston
- City of Hitchcock
- City of Iowa Colony
- City of La Porte
- City of Missouri City
- City of Pearland
- City of Port Arthur
- City of Stafford
- City of Texas City
- Galveston County
- Gulf Coast Authority
- Gulf Coast Water Authority

### Experience

- More than 10 years of experience in auditing to governmental and nonprofit entities.
- Extensive knowledge of the Office of Management and Budget (OMB) requirements under Uniform Grant Guidance.
- Responsible for preparing, analyzing, maintaining, and reviewing financial statements, records and reports.
- Performs audit tasks for governmental and nonprofit engagements including evaluating the effectiveness of internal controls, performing substantive audit procedures, and providing concise audit results.
- Utilizes advanced data analytics to improve the effectiveness of audit procedures and provide valuable results.
- Assists clients in the preparation of financial statements including Comprehensive Annual Financial Reports.

### Professional & Civic Organizations

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TXCPA)



### Guadalupe R. Garcia, CPA

*Engagement Resource Partner*

Office 713-621-1515

Cell: 832-573-6825

Lupe.Garcia@whitleypenn.com



#### PRACTICE

Audit Services - Public Sector  
Licensed to Practice in the State of Texas

#### EDUCATION

BBA in Finance from the University of Houston

#### SIMILAR ENTITIES SERVED:

- City of Aubrey
- City of Bellaire
- City of Buda
- City of Conroe
- City of Friendswood
- City of Fulshear
- City of Greenville
- City of Humble
- City of Hutto
- City of Jersey Village
- City of Katy
- City of La Porte
- City of Liberty Hill
- City of Manvel
- City of Missouri City
- City of North Richland Hills
- City of Oak Ridge North
- City of Pearland
- City of Richmond
- City of Stafford
- City of Sugar Land
- Fort Bend County
- Greater Harris County 9-1-1 Emergency Network
- Greenspoint District
- Greenville Electric Utility

#### Experience

- More than 16 years of experience auditing and performing other attest engagements for various governmental entities, including cities, counties, school districts, other special-purpose governments, and nonprofit organizations school districts, cities, counties, council of governments and other special purpose districts.
- Responsible for all aspects of the assurance process including planning, internal control evaluation, risk assessment, fieldwork, and report issuance and engagement closure.
- Earned the American Institute of Certified Public Accountants (AICPA) Single Audit Certificate.
- Assists in training staff in accordance with Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards* (GAS) promulgated by the U.S. Government Accountability Office, and the Office of Management and Budget (OMB) requirements under Uniform Guidance.
- Performs agreed-upon procedures for school districts related to state compensatory education, leaver data, and PEIMS reporting.
- Responsible for preparation and review of Annual Comprehensive Financial Reports that have been awarded the Certificate of Achievement for Excellence in Financial Reporting.

#### Professional & Civic Organizations

- American Institute of Certified Public Accountants (AICPA)
- Texas Society and Houston Chapter of Certified Public Accountants – Board Member (TXCPA)
- Texas Association of School Business Officials (TASBO)
- Government Finance Officers Association of Texas (GFOAT)
- Member of GFOA Special Review Committee
- Texas Higher Education Coordinating Board AFR Committee
- Texas Association of Community College Business Officials (TACCBO)



## Tom Pedersen, CPA

*Engagement Quality Control Reviewer*

Office: 713-621-1515

Cell: 713-206-2701

Thomas.Pedersen@whitleypenn.com

### PRACTICE

Audit Services - Public Sector  
Licensed to practice in the state of Texas

### EDUCATION

BBA in Accounting from Stephen F. Austin State University

### SIMILAR ENTITIES SERVED:

- City of Alvin
- City of Friendswood
- City of Hitchcock
- City of La Porte
- City of Missouri City
- City of Pearland
- City of Sugar Land
- City of Texas City
- City of Watauga
- Galveston County
- Galveston County Consolidated Drainage District
- Harris County
- Mental Health Mental Retardation Authority of Harris County
- Multiple Independent School Districts with ADA ranging from 2,000-60,000
- Nacogdoches County

### Experience

- More than 46 years of experience providing audit services for school districts, county and city governments, banks, and community colleges.
- Preparation and review of Annual Comprehensive Financial Reports (ACFR) that have been awarded the Certificate of Achievement for Excellence in Financial Reporting.
- Awarded the Certificate of Educational Achievement in Governmental Accounting and Auditing by the American Institute of Certified Public Accountants (AICPA).

### Experience as Director of Finance at Texas City

- Directed all accounting and business activities including banking, investments, general insurance, health and welfare benefits, accounting policy development, cash management, utility billing, general ledger, accounts payable, accounts receivable, payroll, purchasing, tax billing, street assessments, and management information systems.
- Responsible for preparation and management of a multi-million dollar City budget and developing a sound financial plan for the City.
- Familiar with the day-to-day operations of running a finance department to include preparing monthly forecast for revenue and expenditures and developing monthly departmental performance measures.
- Served as Investment Officer for the City. Established written procedures and internal controls for the operation of the investment program consistent with the Investment Policy. Managed the City's \$25 million investment portfolio. Prepared Investment Reports in accordance with the Public Funds Investment Act.

### Professional & Civic Organizations

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TXCPA)
- Texas Association of School Business Officials (TASBO)
- Government Finance Officers Association of Texas (GFOAT)





## Andrew Jennett, CPA

*Manager*

Office: 713-621-1515

Cell: 713-386-1193

Andrew.Jennett@whitleypenn.com

### PRACTICE

Audit Services - Public Sector  
Licensed to Practice in the State of Texas

### EDUCATION

BA in Accounting from Texas State University

MS in Accounting from St. Thomas University

### SIMILAR ENTITIES SERVED:

- City of Beaumont
- City of Bellaire
- City of Buda
- City of Round Rock
- City of Sugar Land
- Fort Bend County
- Nacogdoches County

### Experience

- More than five years of experience in auditing to governmental and nonprofit entities and more than five years working in the accounting industry.
- Extensive knowledge of the Office of Management and Budget (OMB) requirements under Uniform Grant Guidance.
- Responsible for preparing, analyzing, maintaining, and reviewing financial statements, records and reports.
- Performs audit tasks for government and nonprofit engagements including reviewing and testing transactions and internal controls, performing analytical procedures, and documenting audit results.
- Assists clients in the preparation of financial statements.

### Professional & Civic Organizations

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TXCPA)



## Lauren Eaton, CPA

*Senior Associate*

Office: 713-621-1515

Lauren.Eaton@whitleypenn.com

### PRACTICE

Audit Services - Public Sector  
Licensed to Practice in the State of Texas

### EDUCATION

BA in Accounting from the University of  
North Texas - Denton

MS in Auditing and Assurance from the  
University of North Texas - Denton

### SIMILAR ENTITIES SERVED:

- City of Aubrey
- City of Greenville
- City of Kermit
- Ector County

### Experience

- More than two years of experience in auditing governmental and nonprofit entities.
- Knowledge of the Office of Management and Budget (OMB) requirements under Uniform Grant Guidance.
- Well-versed in TEA FASRG Account Code.
- Responsible for preparing, analyzing, maintaining, and reviewing financial statements, records and reports.
- Performs audit tasks for government and nonprofit engagements including reviewing and testing transactions and internal controls, performing analytical procedures and documenting audit results.
- Assists clients in the preparation of financial statements.

### Professional & Civic Organizations

- Texas Society of Certified Public Accountants (TXCPA)
- American Institute of Certified Public Accountants (AICPA)
- Association of Certified Fraud Examiner (ACFE)

## Company Work Experience and Personnel

### Continuing Professional Education

The following is a table of continuing education course topics in which the project team has participated or served as instructors in the past three years:

Topic	Simmons	Garcia	Pedersen	Fuller	Zhang
<b>GASB Update:</b> Multiple GASB update sessions providing education for all recently implemented standards and all upcoming GASB statements which are issued but not yet effective.	Yes*	Yes*	Yes*	Yes	Yes
Bonds (New issuances, refunding, capital appreciations bonds, etc.)	Yes*	Yes*	Yes*	Yes	Yes
The 2018 Yellow Book	Yes*	Yes*	Yes	Yes	Yes
Internal Controls over Federal Programs	Yes*	Yes*	Yes*	Yes	Yes
State and Federal Program Management	Yes*	Yes*	Yes	Yes	Yes
Internal Controls	Yes*	Yes*	Yes*	Yes	Yes
Subrecipient Monitoring	Yes*	Yes*	Yes	Yes	Yes
Procurement and the Uniform Guidance	Yes*	Yes*	Yes*	Yes	Yes
OMB 2018 Compliance Supplement	Yes*	Yes*	Yes*	Yes	Yes
OMB 2019 Compliance Supplement	Yes*	Yes*	Yes*	Yes	Yes
OMB 2020 Compliance Supplement	Yes*	Yes*	Yes*	Yes	Yes
OMB 2020 Compliance Supplement Addendum	Yes*	Yes*	Yes*	Yes	Yes
OMB 2021 Compliance Supplement	Yes*	Yes*	Yes*	Yes	Yes
OMB 2021 Compliance Supplement Addendum	Yes*	Yes*	Yes*	Yes	Yes
OMB 2022 Compliance Supplement	Yes*	Yes*	Yes*	Yes	Yes
Audit Sampling	Yes*	Yes*	Yes*	Yes	Yes
Leveraging Technology and Data Analytics	Yes*	Yes*	Yes*	Yes	Yes
Audit Risk Assessment Process	Yes*	Yes*	Yes*	Yes	Yes
Analytical procedures	Yes*	Yes*	Yes*	Yes	Yes
Capital Asset Testing	Yes*	Yes*	Yes*	Yes	Yes
Auditing Major Programs in a Single Audit (list everyone as instructor for this one)	Yes*	Yes*	Yes*	Yes	Yes

\*Instructor





## Company Work Experience and Personnel

Our partners and managers have extensive experience in preparing and reviewing annual comprehensive financial reports that have been awarded the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

### GFOA Special Review Committee

Audit Partners, Lupe Garcia and Roger Tovar, serve on the GFOA Special Review Committee. This committee is comprised of individuals with expertise in public sector financial reporting.

### Current Clients that Receive the Certificate of Achievement for Excellence in Financial Reporting

Current audit clients that prepare an Annual Comprehensive Financial Report and receive the certificate for achievement for excellence in financial reporting are listed below.

#### Cities

City of Aubrey	City of Galveston	City of Liberty Hill
City of Bellaire	City of Greenville	City of North Richland Hills
City of Beaumont	City of Humble	City of Port Arthur
City of Conroe	City of Katy	City of Texas City
City of Friendswood	City of La Porte	

#### School Districts

Aldine ISD	Galena Park ISD	Lewisville ISD
Alief ISD	Garland ISD	Mansfield ISD
Arlington ISD	Humble ISD	Pasadena ISD
Carrollton-Farmers Branch ISD	Katy ISD	Richardson ISD
Cedar Hill ISD	Lamar ISD	Spring Branch ISD
Fort Bend ISD	Leander ISD	Spring ISD

#### Other Governments

Colling Community College	Houston Community College	North Central Texas Council of Governments
Fort Bend County	Houston-Galveston Area Council	San Jacinto College
Gulf Coast Waste Disposal	Nacogdoches County	
Harris County Department of Education	Navarro College	



## Company Work Experience and Personnel

### Independence

As auditors, we have a responsibility to maintain independence so that our opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by knowledgeable third parties. With this responsibility in mind, we confirm that Whitley Penn is independent of the City, including direct and indirect financial interest, as well as relationships of the proposed audit team to employees and City Council, as defined by both auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Government Accountability Office.

Whitley Penn LLP has not had any professional relationships with the City or any of its component units for the past five (5) years.

Whitley Penn LLP will give the City written notice of any professional relationship entered into during the period of this agreement.

### Licensed to Practice in Texas

Whitley Penn LLP is a regional firm. All key professional staff are properly registered/licensed to practice public accounting in the State of Texas. As a firm heavily involved in providing professional auditing and consulting services to a wide variety of governmental and nonprofit entities, our reports and work papers are always subject to review by both state and federal desk and field reviews. We have been successful in the past at receiving non-adverse desk and field reviews by stressing quality reviews and open and proactive communications with regulatory cognizant agents/agencies.

## **Segment 2**

### Respondent's Methodology, Approach & Timeline

## Respondent's Method and Approach

Our firm thoroughly understands the nature of the work to be performed and has developed programs of procedures designed specifically for these engagements. In addition to the heavy involvement of our partners and managers, our staff will have some familiarity with the City's general operating environment due to their ongoing involvement with other municipal clients.

A brief overview of the different phases or segments of our audit process is as follows:

### The Planning and Risk Assessment Phase

Prior to any fieldwork being performed, strategic planning sessions are held both internally and with the City's staff to identify key audit and operational issues and to establish communications with appropriate firm and City staff and relevant third parties, as well as to determine timing and individual responsibility schedules. Additionally, the audit team will gain an understanding of the City's controls and operations surrounding financial activity and develop a plan of action or risk assessment for auditing key areas and account balances.

### Fieldwork

Our audit programs for the City will include procedures related to the review and evaluation of internal administrative and accounting control noted above as well as the determination of compliance with finance related legal issues, the evaluation of errors and fraud, statistical sampling and analytical procedures designed to determine reasonableness of costs that can lead toward evaluating efficiency and effectiveness in administrative operations.

Throughout the fieldwork process, our partners and staff remain in constant contact and communication with City management personnel. When questions or concerns arise in the course of our work, we take steps to assure ourselves that critical information is passed on to the proper level of management through weekly meetings and discussions.

### Report Issuance and Closure

We do not like surprises so any deficiencies, significant deficiencies or material weaknesses would be discussed with management prior to including it in the report and presenting the results to the City Council. We believe that both the auditee and auditor must agree on the facts and ensure that there isn't documentation that could clear any deficiencies of which we were previously unaware. We find this method of exiting on the audit process brings the most value to our clients.

Report issuance and exit conferences of an audit are often the most critical portions because it is in this phase that most external communications are discussed. The results of our audit will be reviewed with the appropriate level of management, to include City Council and executive levels of staff, prior to the issuance of a report on internal controls and compliance matters. This review of findings and proposed recommendations with management will lead to a plan of action for City management to make any needed improvements in a manner that is not only theoretically, but practically sound. We find this method of exiting on the audit process brings the most value to our clients.

01

Planning

02

Risk Assessment

03

Understanding &  
Identifying Key Controls &  
Testing Controls

04

Substantive Testing

05

Opinion & Report  
Issuance

## Respondent's Method and Approach

### Report Issuance and Closure (continued)

We understand the City will prepare the ACFR and we will be happy to assist in any manner as needed. We will be available at all times leading up to the final issuance of the report to the Council meeting.

### What about Sample Sizes and Audit Sampling?

In the course of an audit, we will apply sampling techniques in our substantive testing of account balances and transaction classes if the application of such techniques is deemed more effective and efficient.

The sample sizes and the extent of the use of samples depends on various factors including population size and the inherent risks associated with the account, transaction class, controls, or compliance features. In the planning and fieldwork stages of the audit, we will thoroughly discuss the population sizes, and the risk factors associated with significant financial statement accounts with appropriate financial management personnel. These discussions will include a methodology for selecting a sample as well as an approach for gathering the sample that will be the least intrusive to ongoing financial operations of the City.

### Will we use EDP Software in the Engagement?

We utilize CCH's ProSystem fx Engagement, a fully integrated software for trial balances, audit workpapers and reporting functions. In fact, all of our audit documentation is maintained through the use of "paperless" working paper software. We will request that City staff electronically download certain data from the City's financial management information system for evaluation during the planning and fieldwork phases of the audit. Our approach to this area is designed to be non-invasive and to reduce the amount of time spent by both our staff and City employees.

### Tests of Compliance with Laws and Regulations

We will perform these procedures to determine general statutory compliance and compliance with agreements with state and federal agencies for services provided to eligible recipients. The purpose of tests of compliance with laws and regulations is to determine whether there have been instances of noncompliance that may have a material effect on the financial statements or to provide a basis of reporting on the City's compliance with such laws and regulations. As a result, tests of compliance with laws and regulations are substantive tests accomplished by examining supporting documentation. In a single audit, this type of audit test is frequently applied using audit sampling.

We will select a sample of revenue or expenditure transactions and inspect supporting documentation to determine compliance with relevant laws and regulations; e.g., we would select a sample of expenditures program and inspect documentation to determine whether expenditures charged to a federal or state award were for activities allowed. We find the most efficient approach is usually to conduct these tests simultaneously with substantive tests of transactions; e.g., concurrently with selecting samples of cash receipts or disbursements to test recording accuracy.

## Respondent's Method and Approach

### Type and Extent of Analytical Procedures

Our firm uses analytical procedures in audit planning and fieldwork to:

- Enhance our understanding of the City's operations and the transactions and events that have occurred since the last audit date.
- Identify areas that may represent specific risks relevant to the audit.
- Provide substantive support for financial information included in the financial reports.

Comparisons of account balances between accounting periods are performed along with ratio and trend analyses to improve our understanding of the client and its operations in order to possibly identify critical audit areas. For instance, comparing general fund and special revenue fund expenditures by function and revenue by source for the past five years provides an understanding of the City's operations and may identify a revenue source that requires increased attention in the current audit.

Our preliminary analytical procedures may include a comparison of current account balances in the working trial balance to similar amounts in the prior annual period's financial statements and the current period's budget. However, we feel a thoughtful consideration of expected relationships among account balances and periods by our experienced auditors is far more important than a mechanical comparison. We will not only consider these relationships but compare these based on our knowledge of and experience with similar governmental entities and their operations. In some cases, analytical procedures can be more effective and efficient than tests of details for achieving particular substantive testing objectives. Normally, analytical procedures call attention to unexpected relationships in financial statement balances. This can be an efficient means of identifying potential misstatements or misclassifications. The appropriate mixture of analytical procedures and tests of details is a matter of professional judgment concerning the expected efficiency and effectiveness of analytical procedures in identifying potential misstatements. Auditor may eliminate the need to sample or reduce the population of payroll expenditures considered necessary to sample by confining sampling to departments with significant fluctuations.

Analytical procedures may be used to identify individually significant items or to otherwise identify populations that need to be sampled. In the payroll area, an effective analytical test is to compare current expenditures to the prior period actual and current budget by department and relate to the number of employees by department. In this manner, the auditor may eliminate the need to sample or reduce the population of payroll expenditures considered necessary to sample by confining sampling to departments with significant fluctuations.

Analytical procedures are also applied as an overall review of the financial information in the final stage of the audit. These procedures are designed to assist our staff in assessing the propriety of conclusions reached and in the evaluation of the overall financial statement presentation. While the selected procedures will vary on the circumstances, they will always focus on overall relationships within the financial statements and consider the following matters:

- The adequacy of evidence gathered in response to unusual or unexpected balances identified by analytical procedures applied in the planning stage of the audit.
- Unusual or unexpected balances or relationships not previously identified.

### Determining Laws and Regulations Subject to Audit Test Work

We will design our audit to provide reasonable assurance that the City's financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts. From the planning phase of the audit, we will seek to obtain an understanding of the possible effects of such laws and regulations on the City's financial statements.

## Respondent's Method and Approach

### Determining Laws and Regulations Subject to Audit Test Work (continued)

In the course of the audit, we will consider performing some or all of the following procedures:

- Consider knowledge about such laws and regulations obtained in prior years' audits.
- Discuss such laws and regulations with the finance staff, legal counsel, or grant administrators.
- Obtain written representation from management concerning the completeness of management's identification of such laws and regulations.
- Review grant and loan agreements.
- Review minutes of meetings of City Council for the enactment of new policies.
- Read pertinent statutes, regulations, and charter provisions and excerpt significant items for the permanent file section of the workpapers.
- If any legal requirements require clarification, we will request a written interpretation from the City's legal counsel.

Below is an example of the some of the focus areas related to federal, state, and local laws and/or policies.

Federal	State	Local
<ul style="list-style-type: none"> <li>• 2 CFR 200</li> <li>• Procurement</li> <li>• Employee conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>• HB 1295</li> <li>• HB 1378</li> <li>• PFIA</li> <li>• Procurement</li> <li>• Conflict of Interest</li> <li>• Nepotism</li> <li>• Sales Tax (Hotel/Motel)</li> </ul>	<ul style="list-style-type: none"> <li>• Compensated absences</li> <li>• Procurement</li> <li>• Accounts payable</li> <li>• Payroll</li> <li>• Human Resources</li> <li>• Fund Balance</li> <li>• Worker's Compensation</li> </ul>

Examples of the types of laws and regulations that have a direct and material effect on the determination of amounts in a City's financial statements follow:

- **Public Funds Investment Act:** We will consider the City's compliance with legal and policy provisions for deposits and investments.
- **Procurement:** Competitive bidding laws apply to the procurement process.
- **Appropriations:** Expenditures should not exceed authorized limits.
- **Legal authority for transactions:** Transactions should be properly authorized at execution.
- **Budgetary reporting:** The required and other supplementary information should present an aggregation of the appropriated budgets, as amended, compared to actual results of operations in accordance with State Laws' local budget provisions.
- **Restrictions on expenditures:** The proceeds of certain governmental revenues are restricted by law as to the purposes for which they may be expended.
- **Taxing and debt limitations:** Governmental units may be subject to laws and regulations that place limits on taxing authority, place ceiling limitations and other issuance criteria on debt, or place limits on the use of debt proceeds.

## Respondent's Method and Approach

### Financial Audit Engagement - General Scope Considerations

We will work closely with City Council and upper level management in addressing the scope of the audit, the overall audit philosophy, and our observations and recommendations relating to the City's financial operations. We understand the scope of the work requested is an audit of the basic financial statements and required supplementary information in accordance with generally accepted auditing standards, as well as *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget (OMB) Uniform Guidance under 2 CFR 200 and the Texas Grant Management Standards (TGMS).

Our audit will be conducted in accordance with the above-mentioned standards and will include tests of the City's accounting records and other procedures we consider necessary to enable us to express an unmodified opinion that the basic financial statements are fairly presented in all material respects, in conformity with generally accepted accounting principles.

#### A. Evaluation of Internal Control Structure

The administration of the City is responsible for establishing and maintaining an internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that, transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles.

In planning and performing our audit we will consider the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the City's basic financial statements and not to provide assurance on the internal control structure.

We will obtain an understanding of the design of the relevant policies and procedures for the significant areas of the audit and whether they have been placed in operation, and we will assess control risk.

Tests of controls may be performed to test the effectiveness of certain policies and procedures which we consider relevant to preventing and detecting errors and irregularities which are material to the basic financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters which have a direct and material effect on the basic financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on the internal control structure policies and procedures and, accordingly, no opinion will be expressed.

We will inform the City of any matters involving internal control structure and its operations which we consider to be significant deficiencies under standards established by the AICPA. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Compliance with laws, regulations, contracts and grant agreements applicable to the City is the responsibility of management. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion.



## Respondent's Method and Approach

### Financial Audit Engagement - General Scope Considerations (continued)

#### B. Substantive Test Work on Account Balances

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories and direct confirmations of receivables, cash, notes and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. Areas which would be covered in our tests would include material accounts in the general ledger such as cash, investments, receivables, inventories, fixed assets, accounts payable, payroll liabilities, unearned revenues, fund balances, taxes, franchise fees, fines and forfeitures, charges for services, and various other revenue and expenditure accounts. We will also request written representations from your attorneys as part of the scope of the work. At the conclusion of our audit, we will also request certain written representations from the City about the financial statements and related matters. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us.

We will inform you, however, of any matters of that nature which come to our attention, unless they are clearly inconsequential. Additional work requested or performed related to fraud, errors, irregularities or illegal acts would be above the scope of the audit and would be subject to further discussions with management. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

We anticipate that City employees will prepare all cash and other confirmations and will locate supporting documentation such as invoices, deposits, and other supporting documentation for items selected by us for testing. Account analysis schedules such as the reconciliation of bank statements, investments schedules, fixed asset and depreciation schedules, listing of accounts payable at year-end, etc., will be prepared by the City. We will request that the City provide us with supporting documentation such as grant applications, detail general ledger downloaded from the financial software, checks registers for the year, internal audit risk assessment, audit plan, issued reports and City Council meeting minutes. We encourage use of the Whitley Penn portal for the transfer of electronic files.

#### C. Review of Annual Comprehensive Financial Report

We will review of the Annual Comprehensive Financial Report especially as it relates to the implementation of any recommendations provided by the GFOA and or in the implementation of new standards promulgated by the GASB. We are also available to assist City financial personnel in the preparation and filling of the SF-SAC Data Collection Form.

#### D. Periodic Staff Meetings

As part of our annual commitment to the City, senior level firm personnel will be available to meet with City staff, City Council, and the Audit Committee periodically during the audit and throughout the year to discuss financial reporting and audit matters. It is our policy to make our partners and managers available throughout the year to City Council and staff members. We would contemplate receiving specific direction as to the City's and firm's staff involvement in planning sessions with management prior to beginning our work.



## Respondent's Method and Approach

### Financial Audit Engagement - General Scope Considerations (continued)

#### Level of assistance that will be expected from City personnel, including internal audit staff

We expect to arrange all project roles and responsibilities with our staff and the City's staff at the outset of the engagement. We appreciate the City's efforts and will work with you in making sure we can utilize the information already available. We do not want to burden the staff with making requests that require the staff to "recreate the wheel."

#### Implementation of Recent GASB Pronouncements

Very few situations can cause undue stress and consternation to the audit and reporting process like unforeseen changes in accounting or auditing standards. These changes, which often seem to affect only the reporting or auditing function, usually end up adding significant burden to the day-to-day activities of the City's staff. We believe that a proactive approach to addressing these changes through dialogue and education helps to smooth out the potential bumps along the way. We will assist and guide the City in the implementation of any new Accounting Standards.

#### Have We Identified Potential Audit Problems?

As noted earlier, our approach to difficult audit issues is immediate communication at the appropriate level of management to include, as appropriate, City Council and management. We propose scheduled periodic meetings with the City's management personnel to stay abreast with issues that the City is facing. As part of our service commitment, we welcome any questions during the year.

# Task/Activity Plan

PROPRIETARY AND CONFIDENTIAL – NOT FOR PUBLIC DISTRIBUTION

Task	Partner	Manager	Senior	Associate	Total
Preliminary Planning	4	12	12	8	36
Interim Fieldwork	16	65	80	80	241
Year-end Fieldwork	16	80	160	150	406
Reporting	24	24	8	2	58
Final Submissions & Council Meetings	5	4	-	-	9
Total	65	185	260	240	750

## Preliminary Planning

PBC List sent out at least one month before start date  
 External planning meeting to discuss significant changes from previous fiscal year  
 Set up meetings with various departments for internal control walkthroughs  
 Federal and state major program determination  
 Sample selections for payroll, nonpayroll, and procurement transactions

## Interim Fieldwork

Internal Control Walkthroughs

- Payroll/Human Resources
- Procurement/Accounts Payable
- Information Technology
- Cash and Investments
- Capital assets
- Property taxes
- Long-term debt
- Financial close and reporting
- Municipal Court (fines and fees)
- Licenses and permits
- Tax collection and monitoring - Sales, Mixed Beverage, Hotel and Franchise
- Utility billing

Federal major programs testing for each major program in accordance with OMB Uniform Guidance (2 CFR 200) - Test of compliance requirements subject to audit per OMB

- Payroll and Nonpayroll transactions
- Cash management
- Financial reporting
- Procurement
- Eligibility requirements
- Program income
- Period of availability
- Maintenance of Effort
- Internal controls surrounding payroll charges, specifically those employees that are split funded
- Matching and Earmarking requirements
- Special Tests and Provisions as required by OMB

Test of Controls & Compliance

- General Payroll
- General Nonpayroll
- Federal Payroll (Major Programs Only)

## Task/Activity Plan (continued)

**PROPRIETARY AND CONFIDENTIAL – NOT FOR PUBLIC DISTRIBUTION**

### Interim Fieldwork (continued)

- Federal Nonpayroll (Major Programs Only)
- Cash receipts for major revenue sources
- Procurement Test - From Master Bid List and from Expenditure Report by Commodity Type (Local, State and Federal requirements)
- Compliance with the Public Funds Investment Act
- Nepotism/Conflict of Interest
- Inherent risk assessment
- Control risk assessments
- Fraud inquiries
- Inventory observation as of September 30, 2022 for material balances.
- Capital asset physical observations
- Discuss implementation of GASB No.96 SBITAs

### Year-end Procedures

#### Planning

- Entrance conference with management to discuss year-end procedures
- Complete test of controls and compliance through the end of the fiscal year
- Major Fund Determination
- Budget-to-actual comparison for the General Fund & other major special revenue funds, if applicable
- Preliminary analytical procedures
- Related party and nepotism questionnaires sent to City Council members
- Review major program determination
- Legal representation letters sent to City's legal counsel

#### Substantive Procedures

- Cash and cash equivalents - confirmations, pledged collateral, and disclosures
- Investments - confirm balances, Weighted Average Maturity and disclosures
- Inventory - Review detail reports for balances
- Due from Other Governments - Subsequent receipts testing
- Due From/Due To Analysis along with Transfers In/Out
- Reconciliation of SEFA to the financial statements
- Property tax assessed value confirmation with appraisal district
- Recalculate Levy assessed for the fiscal year
- Verify property tax rates approved by City Council
- Analytical and other procedures on significant financial statement amounts
- Review and testing of accounts receivable reconciliations for material balances
- Reconciliation of sales tax revenue and receivable with receipts from State Comptroller
- Reconciliation of hotel occupancy tax revenue and receivable with receipts from State Comptroller
- Vouch significant franchise fees and intergovernmental revenue
- Reconciliation of utility and solid waste revenues and receivables to subsidiary ledgers
- Reconciliation of licenses and permits revenue to subsidiary ledger
- Reconciliation of fine and fee revenue to municipal court subsidiary ledgers
- Capital asset testing (additions, disposals, CIP, depreciation)
- Select local revenue transactions that are above scope and vouch support
- Journal entry exam
- Search for unrecorded liabilities
- Accrued wages test and review
- Payroll liability analysis
- Payroll analysis by program/type; review of budgeted payroll costs; consider Council approved pay increases
- Pension & OPEB Calculations and note disclosures
- Long-term debt roll forward

## Task/Activity Plan (continued)

**PROPRIETARY AND CONFIDENTIAL – NOT FOR PUBLIC DISTRIBUTION**

### Year-end Procedures (continued)

- Confirm all outstanding debt
- Review EMMA for any additional official statements
- Amortization of all debt-related items
- Self-insurance analysis; verify liability and perform analytics on expenditures and revenues
- Fund balance review for assignments and commitments
- Review long-term payables for leases and subscription-based information technology arrangements

### Reporting

Assist City with any questions related to preparation of ACFR  
Complete financial statement disclosure checklist  
Complete the Single Audit Report disclosure checklist  
Partner and engagement quality control review  
Audit committee meetings  
Exit conference with management and plan for Council meeting presentation

### Final Submissions

Council Meeting  
WP will draft the submission to the Federal Audit Clearinghouse Data Collection Form (30 days after report release date)  
Opinion letters

## Timeline

Below is our proposed summary timing schedule for the project in accordance with the City's request. We will establish detailed arrangements with the City's management to formulate and complete the specific timing requirements detailed in the RFP 23-015. We understand that we will be expected to review the detailed audit work plan and schedule with management prior to commencing the audit assignment each year.

### Proposed Summary Timing Schedule - Annual Comprehensive Financial Report

Action	Date
Interim PBC list provided to City	May 1, 2023
Interim entrance conference	May/June 2023
Interim fieldwork	July 10, 2023 through July 21, 2023
Interim exit conference	July 21, 2023
Year-end PBC list provided to City	September 1, 2023
Year-end fieldwork	November 13, 2023 through December 1, 2023
Year-end exit conference	December 1, 2023
Draft of ACFR due to WP	January 12, 2024
Auditor ACFR review comments and MRL due to City	January 19, 2024
Final audit exit meeting with City executive team	February 12, 2024
City Council meeting	February 22, 2024

We believe weekly status meetings as well as exit conferences at conclusion of each stage of fieldwork are very important to every audit. Based on the City's preference, we will be available to meet in person or virtually for each of these meetings.

# **Segment 3**

## Cost Proposal

RFP 23-015 Financial Audit Services  
Attachment C - Cost Proposal Sheet

Exhibit A

	Position Title	Estimated Hours	Hourly Rate	Total	% Increase from Previous Year	Original Proposal	Discount from Original Offer
<b>2023 Fiscal Year</b>							
1	Partners	60.00	\$185.00	\$11,100.00			
2	Managers	180.00	\$160.00	\$28,800.00			
3	Supervisory Staff	260.00	\$140.00	\$36,400.00			
4	Staff	240.00	\$115.00	\$27,600.00			
5	Entrance Conference	5.00	\$110.00	\$550.00			
6	Exit Conference	5.00	\$110.00	\$550.00			
7	Other			\$0.00			
"Other" is for additional costs and can be detailed in a separate attachment but include the estimated total here.							
Annual Total:				<b>\$105,000.00</b>	N/A	\$ 114,800.00	\$ (9,800.00)
<b>2024 Fiscal Year</b>							
1	Partners	60.00	\$191.00	\$11,460.00			
2	Managers	180.00	\$165.00	\$29,700.00			
3	Supervisory Staff	260.00	\$144.00	\$37,440.00			
4	Staff	240.00	\$118.00	\$28,320.00			
5	Entrance Conference	5.00	\$113.00	\$565.00			
6	Exit Conference	5.00	\$113.00	\$565.00			
7	Other			\$0.00			
"Other" is for additional costs and can be detailed in a separate attachment but include the estimated total here.							
Annual Total:				<b>\$108,050.00</b>	#NAME?	\$ 118,380.00	\$ (10,330.00)
<b>2025 Fiscal Year</b>							
1	Partners	60.00	\$197.00	\$11,820.00			
2	Managers	180.00	\$170.00	\$30,600.00			
3	Supervisory Staff	260.00	\$148.00	\$38,480.00			
4	Staff	240.00	\$122.00	\$29,280.00			
5	Entrance Conference	5.00	\$116.00	\$580.00			
6	Exit Conference	5.00	\$116.00	\$580.00			
7	Other			\$0.00			
"Other" is for additional costs and can be detailed in a separate attachment but include the estimated total here.							
Annual Total:				<b>\$111,340.00</b>	#NAME?	\$ 122,140.00	\$ (10,800.00)
<b>2026 Fiscal Year</b>							
1	Partners	60.00	\$203.00	\$12,180.00			
2	Managers	180.00	\$175.00	\$31,500.00			
3	Supervisory Staff	260.00	\$152.00	\$39,520.00			
4	Staff	240.00	\$126.00	\$30,240.00			
5	Entrance Conference	5.00	\$119.00	\$595.00			
6	Exit Conference	5.00	\$119.00	\$595.00			
7	Other			\$0.00			
"Other" is for additional costs and can be detailed in a separate attachment but include the estimated total here.							
Annual Total:				<b>\$114,630.00</b>	#NAME?	\$ 125,960.00	\$ (11,330.00)
<b>2027 Fiscal Year</b>							
1	Partners	60.00	\$209.00	\$12,540.00			
2	Managers	180.00	\$180.00	\$32,400.00			
3	Supervisory Staff	260.00	\$157.00	\$40,820.00			
4	Staff	240.00	\$130.00	\$31,200.00			
5	Entrance Conference	5.00	\$123.00	\$615.00			
6	Exit Conference	5.00	\$123.00	\$615.00			
7	Other			\$0.00			
"Other" is for additional costs and can be detailed in a separate attachment but include the estimated total here.							
Annual Total:				<b>\$118,190.00</b>	#NAME?	\$ 129,790.00	\$ (11,600.00)
<b>Estimated Contract Total:</b>				<b>\$557,210.00</b>		<b>\$611,070.00</b>	<b>-\$53,860.00</b>



**Exhibit "A"**  
**ATTACHMENT A**  
**REFERENCE SHEET**

**PLEASE COMPLETE AND RETURN THIS FORM WITH THE SOLICITATION RESPONSE**

**SOLICITATION NUMBER:** RFP 23-015 Audit Services

**RESPONDENT'S NAME:** Patrick Simmons **DATE:** 3/24/2023

Provide the name, address, telephone number and **E-MAIL** of at least three (3) valid Municipal, Government agencies or firms of comparable size that have utilized services that are similar in type and capacity within the last two (2) years. City of Round Rock references are not applicable. References may be checked prior to award. If references cannot be confirmed or if any negative responses are received it may result in the disqualification of submittal.

- |      |                       |   |
|------|-----------------------|---|
| 1.   | Company's Name        | <u>City of Beaumont</u>   |
|      | Name of Contact       | <u>Todd Simoneaux</u>   |
|      | Title of Contact      | <u>Chief Financial Officer</u>  |
|      | <b>E-Mail Address</b> | <u><a href="mailto:Todd.Simoneaux@beaumonttexas.gov">Todd.Simoneaux@beaumonttexas.gov</a></u> |
|      | Present Address       | <u>PO Box 3827</u>  |
|      | City, State, Zip Code | <u>Beaumont, Texas 77704</u>  |
|      | Telephone Number      | <u>(409) 880-3116</u> Fax Number: <u>(409) 880-3132</u>                                       |
| <br> |                       |   |
| 2.   | Company's Name        | <u>City of Galveston</u>  |
|      | Name of Contact       | <u>Mike Loftin</u>  |
|      | Title of Contact      | <u>Financial Director</u>   |
|      | <b>E-Mail Address</b> | <u><a href="mailto:MLoftin@GalvestonTX.Gov">MLoftin@GalvestonTX.Gov</a></u>                   |
|      | Present Address       | <u>823 Rosenberg St</u>   |
|      | City, State, Zip Code | <u>Galveston, Texas 77550</u>   |
|      | Telephone Number      | <u>(409) 797-3500</u> Fax Number: <u>( )</u>  |
| <br> |                       |   |
| 3.   | Company's Name        | <u>City of North Richland Hills</u>   |
|      | Name of Contact       | <u>Mark Mills</u>   |
|      | Title of Contact      | <u>Financial Director</u>   |
|      | <b>E-Mail Address</b> | <u><a href="mailto:mmills@nrhtx.com">mmills@nrhtx.com</a></u>                                 |
|      | Present Address       | <u>4301 City Point Drive</u>  |
|      | City, State, Zip Code | <u>North Richland Hills, Texas 76180</u>  |
|      | Telephone Number      | <u>(817) 427-6202</u> Fax Number: <u>( )</u>  |

FAILURE TO PROVIDE THE REQUIRED INFORMATION WITH THE SOLICITATION RESPONSE MAY AUTOMATICALLY DISQUALIFY THE RESPONSE FROM CONSIDERATION FOR AWARD.