

FINANCIAL AUDIT SERVICES

EM25-FAS01

City of El Mirage
10000 N El Mirage Rd
El Mirage, AZ 85335



City of El Mirage
REQUEST FOR PROPOSAL
Financial Audit Services

- I. PROFESSIONAL SERVICES CONTRACT.....
- II. AGREEMENT
- III. EXHIBIT A

1. PROFESSIONAL SERVICES CONTRACT

CITY OF EL MIRAGE

THIS PROFESSIONAL SERVICES CONTRACT, is made and entered into this _____ day of _____, 20____, by and between the City of El Mirage, an Arizona municipal corporation (“City”), and HintonBurdick, PLLC a(n) Public Accountant (“Consultant”).

RECITALS

- A. The City of El Mirage is authorized and empowered by provisions of the City Code to execute contracts for professional services by and through its City Manager;
- B. The City desires to contract for Consultant to provide Financial Audit Services (“Services”) as described in the attached scope of work (Exhibit “A”) in accordance with the terms of this Contract;
- C. Consultant is duly qualified to perform the requested Services.

2. AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and obligations set for herein, the parties hereto agree as follows:

2.1. DESCRIPTION, ACCEPTANCE, DOCUMENTATION

Consultant shall act under the authority and approval of the Contract Administrator for the City to provide the Services required by this Contract. The Contract Administrator for the City shall be Robert Weddigen, (Title) Finance Director, or designee. The Contract Administrator shall oversee the execution of this Contract, assist the Consultant in accessing the organization, audit billings, and approve payments. The Consultant shall channel reports and special requests through the Contract Administrator. City reserves the right to change the Contract Administrator for the City without prior approval of the Consultant.

2.2. SERVICE DESCRIPTION

Consultant shall provide the Services described in Exhibit "A." All work will be reviewed, evaluated, approved, and monitored by the Contract Administrator to determine acceptable completion. Review and approval by the Contract Administrator shall not relieve Consultant of any liability for improper, negligent or inadequate services rendered pursuant to this Contract. Consultant shall provide all work necessary to assure the Services are completed in a timely and efficient manner consistent with service requirements, including, but not limited to, working in close interaction with, and interfacing with, City and its designated employees, and working closely with others, including other consultants or contractors retained by City.

2.3. DOCUMENTATION AND DATA

All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Contract are to be, and remain the property of, the City and are to be delivered to the Contract Administrator before final payment is made to the Consultant.

2.4. FEE SCHEDULE, RECORDS, AUDIT RIGHTS

The fee Consultant shall be paid for all Services provided pursuant to the terms of this Contract, inclusive of all expenses under this Contract, shall not exceed TBD.

The Contract Administrator reserves the exclusive right to determine the amount of work performed and payment due the Consultant on a monthly basis. Consultant shall maintain all books, paper documents, accounting records and other evidence pertaining to such monthly billings and shall make such materials available at all reasonable times to the Contract Administrator. Monthly billings shall be accompanied by such documentation as the Contract Administrator may require to make a determination of work performed and payment due.

Consultant's records (hard copy, as well as computer readable data) and any other supporting evidence deemed necessary by the City to substantiate charges and claims related to this Contract shall be open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent

necessary to adequately permit evaluation and verification of cost of the work, and any invoices, change orders, payments or claims submitted by the Consultant or any of its payees pursuant to the execution of the Contract. The City's authorized representative shall be afforded access, at reasonable times and places, to all of the Consultant's records and personnel pursuant to the provisions of this article throughout the term of this contract and for a period of three years after last or final payment.

Consultant shall require all subconsultants, insurance agents, and material suppliers (payees) to comply with the provisions of this article by insertion of the requirements hereof in a written contract agreement between Consultant and payee. Such requirements will also apply to any and all subconsultants.

If any audit in accordance with this article discloses overcharges of any nature by the Consultant to the City in excess of one percent (1%) of the total contract billings, the actual cost of the City's audit shall be reimbursed to the City by the Consultant. Any adjustments and/or payments which must be made as a result of any such audit or inspection of the Consultant's invoices and/or records shall be made within a reasonable amount of time (not to exceed 90 days) from presentation of City's findings to Consultant.

2.5. ADDITIONAL SERVICES; PRICE ADJUSTMENT

The total Scope of Work to be performed by Consultant in accordance with this Contract is set forth herein and in Exhibit "A." Services not included in this Contract, including Exhibit "A," will be considered Additional Services. Consultant shall not perform any Additional Services without written authorization from the City. It shall be presumed that all Services performed/provided by Consultant were included in the Contract and contemplated by Consultant as being part of the original Scope of Work and the fees set forth herein, unless such Services have been separately approved by the City, in writing, as Additional Services. Consultant shall not be paid for any Additional Services that are not authorized by the City in writing.

2.6. OWNERSHIP

Upon receipt of payment for Services, Consultant grants to City, and shall cause its subconsultants to grant to City, the exclusive ownership of any and all copyrights, if any, to evaluations, reports, drawings, specifications, project manuals, surveys, estimates, reviews, minutes, and other intellectual work product as may be applicable ("Work Product"). This grant is effective whether the Work Product is on paper (e.g., a "hard copy"), in electronic format, or in some other form. Consultant warrants, and agrees to indemnify, hold harmless and defend City for, from and against any claim that any Work Product infringes on third-party proprietary interests. City may reuse the Work Product at its sole discretion. In the event the Work Product is used for another project without further consultations with Consultant, the City agrees to indemnify and hold Consultant harmless from any claim arising out of the Work Product. In such case, City will also remove any title block from the Work Product.

2.7. TERM AND EXTENSION

This Contract shall be in full force and effect only when approved and signed by City's City Manager as attested by the City Clerk. This Contract begins on the Effective Date and continues for three (3) years to 06/17/2028, with an option to extend for an additional two one-year renewals.

2.8. TERMINATION

1. Termination for Cause

The City has the right to terminate this Contract for cause in the event Consultant materially breaches any provision of this Contract or portion of the Services and fails to remedy the breach within five (5) business days of notification of the breach, if the breach is remedial. If Consultant fails to remedy the breach or if the breach is not remedial, City may terminate this Contract for cause immediately upon written notice to Consultant. In the event the City terminates this Contract or any part of the Services as herein provided pursuant to this Section 1, the City shall notify the Consultant in writing, and immediately upon receipt of such notice, the Consultant shall discontinue all work under this Contract.

Upon termination for cause, Consultant shall immediately deliver to the City all drawings, research, data, studies, reports, estimates and any and all other documents or work product generated by the Consultant under the Contract, together with all unused material supplied by the City. Consultant shall be responsible only for such portion of the work which has been completed and accepted by the City. Use of incomplete data by the City shall be the City's sole responsibility.

In the event of termination for cause, Consultant shall only be compensated a portion of the agreed upon fee for such portion of the work that City agrees, in its sole discretion to accept. City shall have no obligation to accept any portion of Consultant's work if the contract is terminated for cause, and shall have no obligation to pay Consultant for any portion of the work, if any, not accepted by City.

If the Consultant materially fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Consultant violates any of the covenants, agreements, or stipulations of this Contract, the City may withhold from payment due to the Consultant such amounts as are necessary to protect the City's position for the purpose of set-off until such time as the exact amount of damages can be determined.

2. Termination for Convenience

The City has the right to terminate this Contract for convenience or to abandon any portion of the work for which Services have not been performed by the Consultant. In the event the City terminates this Contract or any part of the Services as herein provided pursuant to this Section 3.2.2, the City shall notify the Consultant in writing, and immediately upon receipt of such notice, the Consultant shall discontinue all work under this Contract.

Upon such termination for convenience or abandonment, the Consultant shall immediately deliver to the City all drawings, research, data, studies, reports, estimates and any and all other documents or work product generated by the Consultant under the Contract, together with all unused material supplied by the City. Consultant shall be responsible only for such portion of the work which has been completed and accepted by the City. Use of incomplete data by the City shall be the City's sole responsibility.

The Consultant shall receive as compensation in full for Services performed to the date of such

termination or abandonment, a fee for the percentage of Services actually completed and accepted by the City. This fee shall be in an amount to be mutually agreed upon by the Consultant and the City, based upon the scope of work set forth in Exhibit "A" and the payment schedule set forth in Article 2, hereof. If mutual agreement cannot be reached after reasonable negotiation, the Contract Administrator shall determine the percentage of satisfactory completion of each task set forth in the scope of work contained in Exhibit "A" and the amount of compensation Consultant is entitled to for such work and the Contract Administrator's determination in this regard shall be final. The City shall make such final payment within sixty (60) days after the Consultant has delivered the last of the partially completed items.

2.9. ENTIRE AGREEMENT

This Contract constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the Services specified herein. This Contract may not be modified or amended except by a written document, signed by authorized representatives of each party.

2.10. ARIZONA LAW

This Contract shall be governed and interpreted according to the laws of the State of Arizona. Any action brought to interpret or enforce any provision of this Contract that cannot be administratively resolved, or otherwise related to or arising from this Contract, shall be commenced and maintained in the state or federal courts of the State of Arizona, Maricopa County, and each of the parties, to the extent permitted by law, consents to jurisdiction and venue in such courts for such purposes.

2.11. COMPLIANCE WITH LAWS

Consultant shall comply with all existing and subsequently enacted federal, state and local laws, ordinances, codes, and regulations that are, or become applicable to this Contract. If a subsequently enacted law imposes substantial additional costs on Consultant, a request for an amendment may be submitted pursuant to this Contract.

2.12. MODIFICATIONS

Any amendment, modification or variation from the terms of this Contract shall be in writing and shall be effective only after approval of all parties signing the original Contract.

2.13. ASSIGNMENT

Services covered under this Contract shall not be assigned or sublet in whole or in part without the prior written consent of the Finance Director and Contract Administrator.

2.14. SUCCESSORS AND ASSIGNS

This Contract shall extend to and be binding upon Consultant, its successors and assigns, including any individual, company, partnership or other entity with or into which Consultant shall merge, consolidate or be liquidated, or any person, corporation, partnership or other entity to which Consultant shall sell its assets.

2.15. ATTORNEY'S FEES

In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default hereof, the prevailing party may be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses determined by the court sitting without a jury or arbitration board, which shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment or by arbitration award.

2.16. INDEPENDENT CONTRACTOR

The Services Consultant provides under the terms of this Contract to the City are that of an Independent Contractor, not an employee or agent of the City. The City will report the value paid for these Services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

City shall not withhold income tax as a deduction from contractual payments. As a result of this, Consultant may be subject to I.R.S. provisions for payment of estimated income tax. Consultant is responsible for consulting the local I.R.S. office for current information on estimated tax requirements. Consultant will not be entitled to any benefits provided by City to its employees, including, but not limited to, health benefits, workers' compensation, unemployment coverage, deferred compensation, and all other typical employee benefits.

2.17. CONFLICT OF INTEREST

The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party to the Contract with respect to the subject matter of the Contract. The cancellation will be effective when written notice from the City is received by all other parties to the Contract, unless the notice specifies a later time (A.R.S. §38-511).

2.18. NOTICES

All notices or demands required to be given pursuant to the terms of this Contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Consultant:

HintonBurdick, PLLC
Attn: R. McKay Hall
4140 East Baseline Rd., Suite 101
Mesa, AZ 85206

In the case of City
City of El Mirage

Attn: City Manager
10000 North El Mirage Road
El Mirage, Arizona 85335

With a copy to:
City of El Mirage
Attn: City Attorney
10000 North El Mirage Road
El Mirage, Arizona 85335

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

2.19. FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or earthquakes.

2.20. TAXES

Consultant shall be solely responsible for any and all tax obligations which may result out of the Consultant's performance of this Contract. The City shall have no obligation to pay any amounts for taxes of any type incurred by the Consultant.

2.21. ADVERTISING AND PROMOTION

Consultant shall not publish, release, disclose or announce to any member of the public, press, official body, or any other third party: (1) any information concerning this Contract, the Services, or any part thereof; or (2) any documentation or the contents thereof, without the prior written consent of the City, except as required by law or judicial or regulatory process. The name of any site on which Services are performed shall not be used in any advertising or other promotional context by Consultant without the prior written consent of the City.

2.22. COUNTERPARTS

This Contract may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Contract shall be deemed to possess the full force and effect of the original.

2.23. CAPTIONS

The captions used in this Contract are solely for the convenience of the parties, do not constitute a part of this Contract and are not to be used to construe or interpret this Contract.

2.24. SUBCONSULTANTS

During the performance of the Contract, the Consultant may engage such additional subconsultants as may be required for the timely completion of this Contract. The addition of any subconsultants shall be

subject to the prior approval of the City.

In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Contract rests with the Consultant.

2.25. INDEMNIFICATION

The Consultant agrees, to the fullest extent permitted by law, to indemnify and hold harmless the City, its officers, directors and employees (collectively, City) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the Consultant's negligent performance of professional services under this Contract and that of its subcontractors or anyone for whom the Consultant is legally liable.

The City agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, directors, employees and subcontractors (collectively, Consultant) against all damages, liabilities or costs, including reasonable attorney's fees and defense costs, to the extent caused by the City's negligent acts in connection with the Services and the acts of its contractors, subcontractors or consultants or anyone for whom the City is legally liable.

Neither the City nor the Consultant shall be obligated to indemnify the other party in any manner whatsoever for the other party's own negligence or for the negligence of others.

2.26. INSURANCE

The Consultant shall secure and maintain at all times that this Contract is in effect, insurance coverage which shall include statutory workers' compensation, comprehensive general and automobile liability, owner's and Consultant's protective liability insurance and errors and omissions professional liability. The comprehensive general and automobile liability limits shall be no less than one million dollars (\$1,000,000) combined single limit. The owner's and Consultant's protective liability limits shall be no less than one million dollars (\$1,000,000) for each occurrence and one million dollars (\$1,000,000) policy aggregate naming the City as an additional insured. The minimum amounts of coverage for Consultant's professional liability shall be one million dollars (\$1,000,000). In other than errors and omissions professional liability, City's and Consultant's protective liability and worker's compensation, the City of El Mirage shall be named as an additional insured.

All insurance coverage shall be written through a carrier licensed in Arizona, or an approved non-admitted list of carriers published by the Arizona Department of Insurance, and possessing an A.M. Best rating of at least A- or above with policies and forms satisfactory to the City.

The Consultant shall submit to the City a certificate of insurance evidencing the coverage and limits stated in the foregoing paragraph within ten (10) days of award of this Contract. City shall not issue a "Notice to Proceed" until after Consultant has submitted the certificate of insurance to City. Insurance evidenced by the certificate shall not expire or be canceled or materially changed without thirty (30) days prior written notice to the City, and a statement to that effect must appear on the face of the certificate and the certificate shall be signed by a person authorized to bind the insurer.

The insurance policies, except Workers' Compensation required by this Contract, shall name the City, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

2.27. COOPERATIVE PURCHASING

While this Contract is for the City of El Mirage, other public agencies and political subdivisions may express interest in utilizing the Contract. In addition to the City of El Mirage, and with approval of the Contractor, this Contract may be extended for use by other eligible public agencies (i.e. municipalities, school districts, nonprofit educational institutions, public health institutions, community facilities districts, and government agencies of the State). Eligible public agencies may elect to utilize the contract through cooperative purchasing (or piggybacking) on the contract and do so at their discretion. No volume is implied or guaranteed, and the Contractor must be in agreement with the cooperative transaction. The Strategic Alliance for Volume Expenditures (SAVE), a group of school districts and other public agencies, have signed an intergovernmental cooperative purchase agreement to obtain economies of scale. As a member of SAVE, the City of El Mirage will act as the lead agency. Any such usage by other participating public agencies must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective public agency. Potential participating public agencies (i.e. municipalities, school districts, nonprofit educational institutions, public health institutions, community facilities districts, and government agencies of the State) recognize potential equipment, logistical and capacity limitations by the Contractor may limit the Contractor's ability to extend use of this Contract. Any orders placed to the Contractor will be placed by the specific public agency participating in this purchase, and payment for purchases made under this Contract will be the sole responsibility of each participating public agency. The City of El Mirage shall not be responsible for any disputes arising out of transactions made by others.

2.28. FEDERAL AND STATE EMPLOYMENT IMMIGRATION LAWS

To the extent applicable under A.R.S. § 41-4401, Consultant warrants its and its subconsultants' compliance with all federal immigration laws and regulations that relate to their compliance with the E-verify requirements under A.R.S. § 23-214(A). Consultant's or its subconsultants' breach of the above-mentioned warranty shall be deemed a material breach of the Contract and may result in the termination of the Contract by the City. The City retains the legal right to randomly inspect the papers and records of Consultant and its subconsultants to ensure that the Consultant and its subconsultants are complying with the above-mentioned warranty.

The Consultant warrants to keep the papers and records open for random inspection during normal business hours by the City. The Consultant shall cooperate with the City's random inspections including granting the City entry rights to Consultant's property to perform the random inspections and waiving its right to keep such papers and records confidential. The failure of Consultant to comply with this warranty regarding the keeping of papers and records and cooperating with City's random inspections shall constitute a material breach of the Contract and the City will have the right to immediately terminate the Contract.

2.29. SEVERABILITY

If any term or provision of this Contract shall be found to be illegal or unenforceable, then notwithstanding such illegality or unenforceability, this Contract shall remain in full force and effect and such term or provision shall be deemed to be deleted.

City:

By: J. Crystal Dyches

Its: City Manager

Date:

Approved as to form:

City Attorney

CONSULTANT:

HintonBurdick, PLLC

By: _____

Its: _____

Date:

Attest:

Jill A. Boltz, City Clerk

3. EXHIBIT A

3.1. The Consultant shall provide the following services to the City of El Mirage:

1. The auditor shall perform a financial audit, a State compliance audit, and depending on levels of federal funding, a single audit of The City of El Mirage for each fiscal year of the contract period in accordance with the following:
 1. Auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants (AICPA);
 2. The AICPA Audits of State and Local Governmental Units audit and accounting guide;
 3. Government Auditing Standards, most current revision, published by the U.S. Government Accountability Office;
 4. For the single audit – the Single Audit Act; OMB Audits of States, Local Governments, and Non-Profit Organizations and related OMB Compliance Supplement (as applicable).
2. In addition the auditor shall perform and/or prepare statements indicating compliance with:
 1. State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General.
 2. The auditor will provide necessary audit services in order to attest to the Federal Transit Agency Section 9 reporting and the Highway User Revenue funds level of effort. The audit report must also include a determination as to whether Highway User Revenue fund monies and any other dedicated state transportation revenues received by the City are being used solely for authorized transportation purposes.
 3. The auditor shall perform a triennial financial audit, of The City of El Mirage Court for FY 2027 as mandated by the Administrative Office of the Court (AOC).
 4. The Consultant may be requested to provide additional similar audit services on an as needed basis for any financial related matters in which their understanding of the City's financial systems and internal controls will provide for efficiencies in having such additional or supplemental work performed. Additional audit services may be necessary for department-specific financial report, including separate opinion letters.
3. For the Annual Comprehensive Financial Report (ACFR):
 1. The Consultant will conduct the necessary audit(s) within 100 days of the close of the reporting period.
 2. The consultant will ensure that the final ACFR report will be made available 14 days prior to the first Council Meeting in December for Council acceptance. Preliminary audit work (prior to June 30) may be necessary.

3. The Consultant will conduct preliminary audit work during a mutually agreed upon date between the City and the Consultant.
 4. Consultant will report and discuss any issues or difficulties encountered during any audit immediately to the Finance Department Director and/or to the Deputy City Manager when and if any arise. In other words, no communication to council should include information not already provided and discussed with the Finance Director and/or the Deputy City Manager.
 5. The City expects that the auditors will provide the completed templates for government-wide financial statements, the basic financial statements including the notes, and supplementary schedules, and print the City's ACFR including all financial statements and combining supplementary information. The City will prepare the Letter(s) of Transmittal, the Management Discussion and Analysis (MD&A) and the statistical section of the ACFR and provide timely reviews of the financial statements. The auditor shall audit the ACFR and records of the City of El Mirage and shall issue an auditor's opinion on those financial statements and an in-relation-to opinion on the combining and supplementary information.
4. Compilation and Printing:
1. Hard copies of the following reports, in the quantities specified below, will be delivered to the Finance Director within 7 days of the first Council meeting in December (first Tuesday in December).
 1. Report on Examination of Federal Financial Assistance. Also complete the electronic Data Collection Form and provide a signed copy (4 copies)
 2. City Management Letters and Internal Accounting Control Letter (10 copies of each)
 3. Expenditure Limitation Report (5 copies)
 4. Annual Comprehensive Annual Financial Report (25 copies)
 2. The auditor will also provide reports as needed for the following: the single audit, the UERS, the Highway User Revenue compliance statement, and the Court Triennial Audit. Due dates for the reports will be mutually agreed upon by the City and Consultant as part of each fiscal year's audit schedule.

SIGNATURE

J. Crystal Dyches

FULL NAME

DATE SIGNED

City Manager

TITLE

SIGNATURE

FULL NAME

DATE SIGNED

City Attorney

TITLE

SIGNATURE

FULL NAME

DATE SIGNED

Consultant

TITLE

SIGNATURE

Jill Boltz

FULL NAME

DATE SIGNED

City Clerk

TITLE