

City of St. Helena
RFP for Forensic Accounting Services
Responses to Questions received
February 16, 2016

1. We would like to understand if the City of St. Helena has a preference for the specific types of standards to be used and whether this has been approved or discussed with legal counsel. **The City does not have a specific standard in mind and should be proposed by the Firm in their proposal. The need for this RFP has been discussed with legal counsel, but the City Attorney's approval is not required. The City Council approved issuance of this RFP.**
2. Forensic investigations or audits can be highly confidential in nature due to potential litigation and may need to be directed by counsel in order to maintain attorney-client privilege in the report. While we understand that the auditors will report to the Financial Director, can you please clarify if the investigation will also be conducted under the authority of internal or external counsel? **No, this investigation is not being conducted under the authority of the legal counsel. The findings will be made public in a final report to the City Council.**
3. Most of our recent investigations and forensic audits are under a high degree of confidentiality and potential litigation. The contents of these reports are not normally available to the general public without a breach of client confidentiality. We would like to satisfy the RFP requirements by including samples of the types of information that we would potentially include in these reports without breaching client confidentiality. Could you please confirm that this will suffice? **Yes, this will suffice.**
4. Relating to the list of engagements, we would be happy to provide references and contacts with a broad overview of the forensic audits, however certain specific details of the engagements cannot be disclosed due to client confidentiality requirements. Is this acceptable and may we provide references and contacts as part of our proposal submission process? **Yes, this is acceptable.**
5. Advanced and industry best practices in forensic accounting and investigation require that, for a more complete picture, an investigation should include review of both the accounting records, emails, and other nonfinancial electronic information in order to uncover a trail of the events that may have occurred. In order to achieve this, we recommend that in addition to standard forensic accounting procedures of records, a forensic review of emails and other electronic communication of persons connected with the matter using digital forensic tools. Could you please confirm if the City would agree to include this exercise in the scope of the engagement? **The City has conducted fundamental digital review of all existing electronic records. Since the project period was 1999-2011, there are limited emails available for review. However, the City would agree to include that exercise in the scope of the engagement.**
6. Should the City of St. Helena agree to include email reviews, we would like to get a preliminary understanding of the number of custodians at the City of St. Helena who were directly involved in managing and approving the flow and use of funds. Will you be able to provide a rough estimate? **During the period in question, the former Finance Director, former Accounting Technician II/HR Manager and three former City Managers would be the main custodians.**

- 7 Is the City of St. Helena seeking a professional CPA firm that provides accounting and auditing services and can issue an audit opinion report in conformity with GAAP and GAGAS? **Yes.**
- 8 Please clarify if this is a requirement that the Firm is licensed to conduct business in the State of California and the proposed team members are CPAs licensed in the state of California. What if some of the proposed team members are CPAs licensed in another State?

The City of St. Helena seeks proposals from firms that are qualified to perform all the work outlined in Section III, Scope of Work, including item number 4, the audit of the flood control fund(s).

Firms that believe they meet the legal requirements to perform the work in the State of California, regardless of licensure with the California State Board of Accountancy, may propose to perform the work. However, it is the firm's responsibility and not the City's that the firm adheres to any and all applicable sections of the California Business and Professions Code that apply to accountancy in the State of California. If a proposer is not licensed to practice accountancy in the State of California, they are advised to provide a statement of that fact and describe limits, if any, on the scope of their engagement or related reports that may apply because of that fact.

**For references purposes, a link to the State of California's Board of Accountancy follows:
http://www.dca.ca.gov/cba/laws_and_rules/acct_act.pdf**

All members of the forensic team do not need to be California CPAs.

- 9 Please clarify if this is a requirement to provide a sample report of a forensic audit prepared by the bidding firm. As many of our forensic accounting /auditing reports are not publicly issued, is the bidding firm allowed to provide a redacted report that excludes any specific identifying information of the individuals and entities that were the subject of the forensic audit? **See response to question 3 and in addition, a redacted report will also suffice.**
- 10 Is this limited to the Springbrook financial software and the City's predecessor MOM financial software from Corbin Willits Systems referenced on page 4 of the RFP? **Yes, the software used to record transactions of the City is limited to those two named systems. However, as may be expected of engagements of this type, it's possible that un-recorded transactions are significant, and require work by the forensic accounting team.**
- 11 For proposal pricing, what is the City's budgeted amount for this engagement, the City's expected staff hours and duration for the field work? **This is an unexpected RFP and is not budgeted in the FY 2015-16. Expected staff hours and duration for the field work is unknown at this time.**
- 12 Can the City provide a history of all entries recorded in city funds numbered 34, 35 and 235 downloaded into an MS Excel file? **No.** What is the size of the data if available in digital format? **Unknown.**

- 13 In the RFP, the City staff has assembled nearly 99% of all the documentation in its possession related to the Project. • Are these documentations pertaining to all years, fiscal year 98/99 to present? **Yes.** Are these documentation in hard copies or soft copies? **Either formats, electronic and hard copies, represent the data set that is now available; however, some documents are available in only one of format.**
- 14 Please describe the volume of the documentation, e.g. number of banker boxes, binders if hard copies, or sizes of the data? **23 binders and 10 boxes of financial data. At least 20 boxes of non-financial documents. 3 gigabytes of electronic data (financial and non-financial).**
- 15 From the RFP, the City has hired an experienced Grants Manager and conducted an internal review of the Project, and this effort culminated in a report to the City Council identifying contractual compliance issues and apparent weaknesses in grant and accounting practices. Staff report was presented at the Council Meeting of January 26, 2016. For proposal pricing: Could the City provide the approximate staff hours in the review, analysis and preparing this report? **Roughly 1,000 hours.**
- 16 Did outside accounting firm(s) assist the City with the internal review of the Project? If yes, could the City provide the amount and hours billed by outside accounting firm(s)? **No, this work was conducted with City staff only.**
- 17 Does the City want to determine Project expenses paid directly out of the General Fund over the review period of city funds numbered 34, 35 and 235? "Yes, if significant general fund expenditures can be shown to relate to the flood control project(s)."
- 18 Does the City always have a dedicated person that does grant accounting and submittals throughout the Project? **No, the City did not.**
- 19 What is the City's financial software system(s), current and past? **As stated in the RFP the City currently uses Springbrook. Prior to converting to Springbrook the City used MOM.**
- 20 Does the City of St. Helena seek firms who are licensed to do business in California or CPA firms licensed in California? Do all members of the forensic team need to be California CPAs? **See response to question 8.**