

AGENDA
ITEM

14



CITY COUNCIL AGENDA STAFF REPORT

DATE: February 19, 2025

TO: Mayor and City Council

APPROVED BY: Juan Contreras, Acting City Manager *JAC*

PREPARED BY: Karla Chaparro, Finance Director *KC*

SUBJECT: Authorize the City Manager to Approve the Request for Proposal (RFP) for the Forensic Audit of the Finance and Public Works Departments of the City of Calexico for the time period of July 1st, 2014 through June 30th, 2024

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Recommendation:

It is the recommendation of staff that the City Manager approved the Request for Proposal (RFP) for the Forensic Audit of the Finance and Public Works Departments of the City of Calexico for the time period of July 1st, 2014 through June 30th, 2024.

Background:

The City is interested in seeking proposals from qualified and experienced firms to conduct a comprehensive forensic audit of the financial records, financial processes and financial reporting of the Finance Department and Public Works Department of the City of Calexico. Conducting a forensic audit of the City’s finances is an important step toward improving its financial oversight and transparency. It is often sought by a city to ensure that its financial records, processes, and reporting are accurate, transparent, and in compliance with regulations. Furthermore, a forensic audit of this scale can help uncover potential issues and ensure public trust in how city funds are managed.

Discussion and Analysis:

Proposals for such an audit typically require detailed expertise in forensic accounting, understanding of governmental financial systems, and a robust methodology to assess both financial records and processes. The successful firm will have demonstrated history of conducting similar audits with precision and efficiency, ensuring a thorough evaluation of financial processes and risk exposure. Their expertise should encompass a structured and methodical approach to risk assessment, allowing them to identify vulnerabilities, assess compliance with regulatory requirements, and highlight areas for operational improvement, as well as provide actionable recommendations for improving internal controls and financial practices.

The areas to be addressed include Finance and Public Works, encompassing all relevant divisions and operational functions within each department. This includes all applicable areas and divisions under each department including but not limited to:

Finance

Accounts Payable, Accounts Receivable, Payroll including Reclassifications, Out of Class Pay, Paid Stipends, Time Clock System, Verification of City Council Approved Human Resources/Payroll Actions, General Ledger, Business Licenses, Investments, Bond Issuances, Community Facilities Districts, Community Development Block Grant Fund, HOME Program Income Fund, Local Housing Funds, CalHome Program Income Fund, Utility Billing and all Grants and Grant Reimbursements.

Public Works

Payroll including Reclassifications and Verification of City Council Approved Human Resources/Payroll Actions, Administration, Engineering, Fleet, Facilities, Parks, Airport, Streets, Water Treatment and Distribution, Wastewater Treatment and Distribution, Solid Waste, Operating Grant Funds, Capital Project Funds, Approved and Processed Project Change Orders, City Compliance with Request for Proposal (RFP's) and all Grants and Grant Reimbursements.

Each area will be thoroughly evaluated to ensure operational efficiency, regulatory compliance, and alignment with the City's strategic objectives.

Conclusion:

Conducting a forensic audit of the City's finances is a crucial step in strengthening financial oversight, enhancing transparency, and ensuring accountability. This process will help identify any discrepancies, inefficiencies, or potential mismanagement of funds while providing valuable insights into areas for improvement. By thoroughly examining financial records, transactions, and internal controls, the audit will support the City's commitment to fiscal responsibility, build public trust, and lay the foundation for more effective financial management practices.

Fiscal Impact:

Unknown at this time.

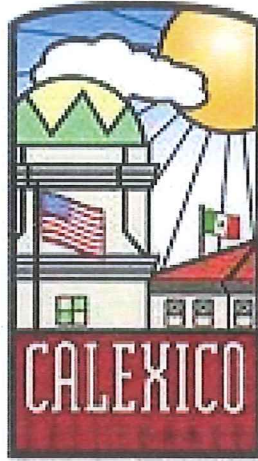
Coordinated With:

City Manager's Office

Attachment(s):

1. Request for Proposal (RFP) for the Forensic Audit of the Finance and Public Works Departments of the City of Calexico for the time period of July 1st, 2014 through June 30th, 2024.

ATTACHMENT 1



"Alma Californica Qui Vivit Vixit"

CITY OF CALEXICO

**REQUEST FOR PROPOSAL (RFP) FOR THE FORENSIC AUDIT OF
THE FINANCE AND PUBLIC WORKS DEPARTMENTS OF THE CITY OF
CALEXICO FOR THE TIME PERIOD OF
JULY 1st, 2014 THROUGH JUNE 30th, 2024**

**Finance Department
608 Heber Avenue
Calexico, CA 92231
(760) 768-2130
www.calexico.ca.gov**

February 20th, 2025

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1. Introduction and Background

Incorporated in 1908, the City of Calexico is a city in southern Imperial County, California that covers an area of approximately 8.62 square miles. Situated on the Mexican border, it is located about 122 miles east of San Diego, California and 62 miles west of Yuma, Arizona. The City of Calexico serves a diverse community with a population of approximately 38,633 according to the 2020 Census.

The city operates under a City Council/City Manager form of government, providing a full range of municipal services.

The City is seeking proposals from qualified and experienced firms to conduct a comprehensive forensic audit of the financial records, financial processes and financial reporting of the Finance Department and Public Works Department of the City of Calexico for the time period of July 1st, 2014 through June 30th, 2024. This initiative aims to ensure transparency, strengthen internal controls, and identify any discrepancies or areas of concern within the city's financial systems.

2. Project Scope and Objectives

The selected firm will be expected to:

- **Examine Financial Records:** Analyze financial statements, transactions, and related documents of the Finance Department and Public Works Department of the City of Calexico for the time period of July 1st, 2014 through June 30th, 2024. This includes all applicable areas and divisions under each department including but not limited to:
 - **Finance**
 - Accounts Payable
 - Accounts Receivable
 - Payroll
 - Reclassifications
 - Out of Class Pay
 - Paid Stipends
 - Time Clock System
 - Verification of City Council Approved Human Resources/Payroll Actions
 - General Ledger
 - Business Licenses
 - Investments
 - Bond Issuances
 - Community Facilities Districts (CFD's)
 - Community Development Block Grant (CDBG) Program Income Fund
 - HOME Program Income Fund
 - Local Housing Funds
 - CalHome Program Income Fund
 - Grants (All)
 - Grant Reimbursement
 - Utility Billing

- **Public Works**
 - Payroll
 - Reclassifications
 - Verification of City Council Approved Human Resources/Payroll Actions
 - Administration
 - Engineering
 - Fleet
 - Facilities
 - Parks
 - Airport
 - Streets
 - Water Treatment and Distribution
 - Wastewater Treatment and Distribution
 - Solid Waste
 - Operating Grant Funds
 - Capital Project Funds
 - Approved and Processed Project Change Orders
 - Grants (All)
 - Grant Reimbursement
 - City Compliance with Requests for Proposal (RFP's)
- **Identify Irregularities:** Detect any instances of fraud, misappropriation, or non-compliance with applicable laws and regulations.
- **Assess Internal Controls:** Evaluate the effectiveness of existing financial controls and recommend improvements.
- **Report Findings:** Provide a detailed report outlining findings, conclusions, and actionable recommendations.

3. Requirements

- **Qualifications:**
 - Experience in conducting forensic audits for municipal entities.
 - Professional certifications such as Certified Fraud Examiner (CFE) or Certified Public Accountant (CPA).
 - Knowledge of California municipal finance laws and regulations.
- **Deliverables:**
 - Preliminary Assessment Report
 - Comprehensive Forensic Audit Report upon completion.
 - Presentation of findings to the City Council and relevant stakeholders.

4. Proposal Instructions

Interested firms should submit proposals that include:

- **Executive Summary:** Background and overview of the firm's qualifications and approach.
- **Detailed Work Plan:** A detailed description of the proposed methodology to be used in conducting the audit, including tools and techniques to be used.
- **Team Composition:** Biographies, roles and relevant forensic auditing experience of key personnel involved in the forensic audit.
- **Relevant Experience:** Descriptions of similar projects completed.
- **References:** Contact information for at least three previous clients for whom similar services were provided.
- **Timeline:** An estimated timeline for completing the audit and delivering the final report.
- **Cost Proposal:** A detailed breakdown of costs associated with the audit, including any additional fees that may apply.

Submission Details:

- **Deadline:** Proposals must be received on or before 2:00 P.M. on March 20th, 2025.
- **Submission Method:** Proposals must be enclosed in a sealed envelope or package, clearly marked "RFP for the Forensic Audit of the Finance and Public Works Departments of the City of Calexico" to:

Office of the City Clerk
City Hall
City of Calexico
608 Heber Avenue
Calexico, CA 92231

- **Inquiries:** Questions regarding this RFP should be directed to Finance Director, Karla Chaparro, at kchaparro@calexico.ca.gov.

5. Evaluation Criteria

Proposals will be evaluated based on:

- **Experience and Qualifications:** Relevant expertise and certifications.
- **Approach and Methodology:** Understanding of the project and proposed methods.
- **Timeline:** Ability to meet the specified deadlines.
- **Cost:** Reasonableness and transparency of the cost proposal.
- **References:** Feedback from previous clients.

6. Contract Terms and Conditions

The successful bidder will be required to enter into a contract that includes, but is not limited to:

- **Confidentiality:** Maintaining the confidentiality of all city records and information.
- **Compliance:** Adherence to all applicable federal, state, and local laws, including California Public Contract Code requirements.
- **Insurance:** Proof of adequate insurance coverage as specified by the city.

7. Timeline

- **Request for Proposal Issuance:** February 20th, 2025
- **Proposal Submission Deadline:** March 20th, 2025
- **Evaluation Period:** Week of March 24th, 2025
- **Consultant Selection and Negotiations:** Week of March 31st, 2025
- **City Council Approval of Contract:** April 16th, 2025
- **Project Commencement:** April 17th, 2025