

ITEM # 14-1104

CITY OF SANTA FE
PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Santa Fe (the "City") and REDW^{LLC} (the "Contractor"). The date of this Agreement shall be the date when it is executed by the City and the Contractor, whichever occurs last.

1. SCOPE OF SERVICES

A. The Contractor shall provide the following services for the City and as described in Attachment "1" attached hereto and incorporated herein:

1) **OBJECTIVES**

a) Did the City fulfil its obligation to the citizens of Santa Fe regarding the original wording put before the voters on March 4, 2008?

i. Shall the City of Santa Fe issue up to \$30,300,000 of general obligation bonds to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes?

b) Was the 2008 Parks Bond Implementation Plan materially implemented?

i. Were changes approved?

c) A final accounting of what was spent for each project has been requested, including details. Did the City provide a final accounting?

d) Were relevant City policies and procedures followed? Were expenditures including salaries expense within parameters of policies and procedures?

e) Were there adequate internal controls in place to ensure monies were spent appropriately? How can internal controls be improved?

f) Were relevant City, State, and Federal Laws followed, including ADA if specified in project?

2) SCOPE (TO INCLUDE) - As related to the 2008 GO Bonds totaling \$30,300,000:

a) Date Range - March 4, 2008 to June 30, 2014,

b) 2008 and 2010 GO Bond Covenants and Arbitrage Agreements,

c) 2008 Parks Bond Implementation Plan,

d) Any relevant minutes of and packets related to City Council, Finance Committee, Public Works, POSAC or BTAC meetings or any other City meetings that authorized changes to or clarification of the Park Bond Implementation Plan, including, but not limited to:

i. Developing and approving the bond, or

ii. Discussing issues as related to the Park Bond Implementation Plan,

e) Any relevant City (including official legal counsel opinions), State (including Attorney Generals Opinions), or Federal laws, including ADA if specified in project.

f) Any relevant City of Santa Fe Policies and Procedures, including, but not limited to:

i. Personnel,

ii. Finance,

1. Payroll,

2. Purchasing / Procurement, and

3. Accounting / Finance,

iii. Public Works, as applicable, including but not limited to:

1. Parks, Trails and Watershed,

2. Roadways and Trail Engineering, and

3. Recreation,

g) City of Santa Fe records and documents, including but not limited to:

i. Payroll,

ii. Vendor payments,

iii. Purchasing documents (RFP's, etc.),

iv. Excel Spreadsheets,

v. Final Accounting as prepared by Finance,

- vi. Word documents,
- vii. Access or other database data,
- viii. E-1 data, and
- ix. Other electronic or handwritten data.

2) WORK PLAN

a) Verify that changes to 2008 Parks Bond Implementation Plan i.e. budget allocations and reallocations (including cancelled projects) were approved as required by policies and law,

b) Verify balances from final accounting provided by the Finance Department to general ledger,

i. Select a sample of 25 that includes parks, trails, projects and cancelled projects 15 judgmental, including:

- 1. Melendez,
- 2. Monica Roybal,
- 3. MRC including Marty Sanchez Golf Course,
- 4. Pueblo Del Sol Trails,
- 5. Cathedral,
- 6. Santa Fe River Parkway, and
- 7. GCCC,

ii. 10 random,

iii. If indications of fraud are found increase sample size to 40,

c) Perform the following procedures on the above sample: (report findings/exceptions and make suggestions for improvement)

- i. Determine if the improvements specified in the 2008 Parks Bond Implementation Plan were completed. If not, document and report, why not,
- ii. Determine if the criteria as defined in the original bond language was met,
- iii. If expenditures were made for improvements visually, verify that they were actually done at the park specified, if not, document and report, why not,
- iv. Verify that salary and benefits were properly tracked and accounted for each project,
- v. For monies spent on salaries and benefits for City employees verify that:
 1. Monies spent were for direct labor on approved projects only, no salaries are paid for on-going operations or maintenance,
 2. Employee job responsibilities are in line with work done (for example not paying for an administrative secretary's salary and claiming it was a direct cost),

3. Salary increases for these employees are in line with approved budgetary increases,
- vi. Verify that monies paid for contract labor followed City policies, and City, State and Federal law, especially as in regards to nepotism or conflicts of interest. As applicable, verify that:
 1. That proper purchasing and procurement procedures were followed, as applicable, and
 2. If relatives or persons that result in a conflict of interest were hired, determine how much money they were paid in total and for what parks - include in the report,
 - d) Obtain a report of all employees paid with Park Bond monies - select a sample of 25 (increase to 40 if indicators of fraud) and verify that:
 - i. Salaries were for direct labor on approved projects only, no salaries were paid for on-going operations, or maintenance,
 - ii. Employee job responsibilities are in line with work done (for example not paying for an administrative secretary's salary and claiming it was a direct cost,
 - iii. Salary increases for these employees are in line with approved budgetary increases,

e) Other procedures deemed necessary to achieve engagement objectives at auditor's discretion.

3) FINAL REPORT

a) Agreed upon procedures report, in compliance with the NM State Auditor's Rule, and AICPA standards,

b) Summary of whether the engagement objectives were met, if not, why not,

c) Summary of work done and approach taken,

i. Include results of positive nature, too

d) Detail of any nepotism or conflicts of interest *issues* in regards to employees or contract work, including total amount paid and what parks were impacted, and

e) Detail of any findings as related to the audit test work:

i. Report for public use that does not include names, but just job descriptions, dates and amounts, or any other relevant data,

ii. Second summary sheet identifying which employees are associated with a particular job title in specified findings to allow management to pursue confidential personnel actions, if needed,

f) Recommendations (please include in the report)

i. Guidance in regards to an audit policy as related to bond issues,

ii. Recommendations for improving internal controls regarding allocations and reallocations, departmental policies, tracking of payroll, and other expenses, etc.,

1. Prevention,
2. Monitoring, and
3. Detection Controls,

g) How can the City improve on deliverables including a periodic accounting of what is being spent, and comprehensive final reports,

- i. Project or Cost accounting,
- ii. Is it possible to utilize the E-1 system to track:

1. Project costs, including salaries and benefits to employees,

2. Direct labor associated with installation / implementation,

3. Create system generated reports for management, Finance Committee, and any other interested parties?

4. If so, does the City have the required module or does it need to be purchased, and

5. What type of training and how much will training cost for employees to use the cost/project accounting system, if available?

6. If the E-1 system cannot provide this functionality, what other viable options are there available, and what are the costs including training associated with this (these) option(s).

2. STANDARD OF PERFORMANCE; LICENSES

A. The Contractor represents that it possesses the experience and knowledge necessary to perform the services described under this Agreement.

B. The Contractor agrees to obtain and maintain throughout the term of this Agreement, all applicable professional and business licenses required by law, for itself, its employees, agents, representatives and subcontractors.

3. COMPENSATION

A. The City shall pay to the Contractor in full payment for services rendered, a sum not to exceed forty-nine thousand seven hundred fifty dollars (\$49,750), inclusive of applicable gross receipts taxes. Payment shall be made for services actually rendered at the rates described in Attachment "1" attached hereto.

B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Payment shall be made upon receipt and approval by the City of detailed statements containing a report of services completed. Compensation shall be paid only for services actually performed and accepted by the City.

4. APPROPRIATIONS

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the City, this Agreement shall terminate upon written notice being given by the City to the Contractor. The City's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

5. TERM AND EFFECTIVE DATE

This Agreement shall be effective when signed by the City and the Contractor, whichever occurs last, and terminate on June 30, 2015 unless sooner pursuant to Article 6 below.

6. TERMINATION

A. This Agreement may be terminated by the City upon 30 days written notice to the Contractor.

(1) The Contractor shall render a final report of the services performed up to the date of termination and shall turn over to the City original copies of all work product, research or papers prepared under this Agreement.

(2) If compensation is not based upon hourly rates for services rendered, the City shall pay the Contractor for the reasonable value of services satisfactorily performed through the date Contractor receives notice of such termination, and for which compensation has not already been paid.

(3) If compensation is based upon hourly rates and expenses, then Contractor shall be paid for services rendered and expenses incurred through the date Contractor receives notice of such termination.

7. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

A. The Contractor and its agents and employees are independent contractors performing professional services for the City and are not employees of the City. The Contractor, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement.

B. Contractor shall be solely responsible for payment of wages, salaries and benefits to any and all employees

or subcontractors retained by Contractor in the performance of the services under this Agreement.

C. The Contractor shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this contract.

8. CONFIDENTIALITY

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the City.

9. CONFLICT OF INTEREST

The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

10. ASSIGNMENT; SUBCONTRACTING

The Contractor shall not assign or transfer any rights, privileges, obligations or other interest under this Agreement, including any claims for money due, without the prior written consent of the City. The Contractor shall not subcontract any

portion of the services to be performed under this Agreement without the prior written approval of the City.

11. RELEASE

The Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the City, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

12. INSURANCE

A. The Contractor, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City is notified no less than 30 days in advance of cancellation for any reason. The Contractor shall furnish the City with a copy of a Certificate of

Insurance as a condition prior to performing services under this Agreement.

B. Contractor shall also obtain and maintain Workers' Compensation insurance, required by law, to provide coverage for Contractor's employees throughout the term of this Agreement. Contractor shall provide the City with evidence of its compliance with such requirement.

C. Contractor shall maintain professional liability insurance throughout the term of this Agreement providing a minimum coverage in the amount required under the New Mexico Tort Claims Act. The Contractor shall furnish the City with proof of insurance of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

13. INDEMNIFICATION

The Contractor shall indemnify, hold harmless and defend the City from all losses, damages, claims or judgments, including payments of all attorneys' fees and costs on account of any suit, judgment, execution, claim, action or demand whatsoever arising from Contractor's performance under this Agreement as well as the performance of Contractor's employees, agents, representatives and subcontractors.

14. NEW MEXICO TORT CLAIMS ACT

Any liability incurred by the City of Santa Fe in

connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et. seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

15. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

16. RECORDS AND AUDIT

The Contractor shall maintain, throughout the term of this Agreement and for a period of three years thereafter, detailed records that indicate the date, time and nature of services rendered. These records shall be subject to inspection by the City, The Internal Audit Department, the Department of Finance and Administration, and the State Auditor. The City shall have the right to audit the billing both before and after payment.

Payment under this Agreement shall not foreclose the right of the City to recover excessive or illegal payments.

17. APPLICABLE LAW; CHOICE OF LAW; VENUE

Contractor shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Contractor agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

18. AMENDMENT

This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

19. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services. No prior agreement or understanding, verbal or otherwise, of the

parties or their agents shall be valid or enforceable unless embodied in this Agreement.

20. NON-DISCRIMINATION

During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

21. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

22. NOTICES

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

City of Santa Fe:
Attn: Internal Audit
P.O. Box 909
Santa Fe, NM 87504

Contractor:
REDW **LLC**
7425 Jefferson St. NE
Albuquerque, NM 87109

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

CITY OF SANTA FE:

CONTRACTOR:
REDW LLC


BRIAN K. SNYDER, CITY MANAGER


Steven R. Cogan, Principal
NAME & TITLE

DATE: 10-27-14

DATE: 9/16/2014

CRS #01-790489-00-7
City of Santa Fe
Business Registration # 65468
In Process

ATTEST:


YOLANDA Y. VIGIL
CITY CLERK

APPROVED AS TO FORM:

 9/15/14
KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

 10/24/2014
FINANCE DIRECTOR

12013.510330
BUSINESS UNIT/LINE ITEM

Attachment 1

Approach to the Project Scope of Services & Cost Proposal

UNDERSTANDING OF WORK TO BE PERFORMED

We have reviewed the Request for Proposals (RFP) and understand that the City of Santa Fe (the City) is requesting the services of a Certified Public Accounting firm to provide Agreed-Upon Procedures (AUP) related to the City's 2008 Park Bond. If selected, we will examine whether the City fulfilled its obligation to the citizens of Santa Fe regarding the issuance of \$30,300,000 of general obligation bonds to acquire land for, and improvement of, public parks, trails and open spaces for recreational purposes.

The range of related documentation and activities will cover the period of time from March 4, 2008 to June 30, 2014 and include 2008 and 2010 General Obligation Bond Covenants and Arbitrage Agreements and the 2008 Parks Bond Implementation Plan. Specific areas to be examined will include determination as to whether:

- The 2008 Parks Bond Implementation Plan was materially implemented and any changes to the Plan were appropriately approved.
- A final accounting of spending for each project was requested, including details, and if the City provided a final accounting.
- Relevant City policies and procedures were followed and if expenditures, including salaries expense, were within the parameters of policies and procedures.
- Adequate internal controls were in place to ensure monies were spent appropriately and if these internal controls can be improved.
- Relevant City, State, and Federal Laws were followed, including ADA, if specified in the projects selected for testing.

Examination of the City's policies and procedures related to the 2008 Parks Bond will include:

- Any relevant minutes of and packets related to City Council, Finance Committee, Public Works, POSAC or BTAC meetings or any other City meetings that authorized changes to or clarification of the Park Bond Implementation Plan, including, but not limited to: development and approval of the bond and/or discussion of issues related to the Park Bond Implementation Plan.
- Any relevant City (including official legal counsel opinions), State (including Attorney Generals Opinions), or Federal laws, including ADA if specified in project.
- Any relevant City of Santa Fe Policies and Procedures, including, but not limited to:
 - Personnel

- Finance, including: payroll; purchasing/procurement; and accounting/finance
- Public Works, as applicable, including but not limited to: Parks, Trails and Watershed; Roadways and Trail Engineering; and Recreation.
- City of Santa Fe records and documents, including but not limited to: payroll; vendor payments; purchasing documents, i.e., RFPs; MS Office documents (Excel, Word, and Access); Final Accounting as prepared by Finance; E-1 data; and other electronic or handwritten data.

DEVELOPMENT OF WORK PLAN

REDW has reviewed the detailed procedures and requirements outlined in the City's Work Plan and Final Report description and identified how these items intersect with our internal audit and consulting project management.

PROJECT PHASE AND SCHEDULE	WORK PLAN	TACTICS
PLANNING Proposed start date: October 2014 or upon contract award	<ul style="list-style-type: none"> • Conduct an entrance conference with City management and other stakeholders to discuss the project timing and procedures. 	REDW believes that effective communication between management and our team is key to the success of a project. Regular meetings with City management will ensure an effective and efficient AUP.
	<ul style="list-style-type: none"> • Gain an understanding of bond issuance processes and related project tracking through discussions with various personnel and review of requested documentation. • Select samples to be tested based on the requirements presented in the RFP and through the use of data mining. 	Data mining will be used to judgmentally select the most effective samples possible, and increase the likelihood of uncovering underlying issues and findings.
FIELDWORK October-November	a) Verify that changes to 2008 Parks Bond Implementation Plan i.e. budget allocations and reallocations (including cancelled projects) were approved as required by policies and laws.	REDW will research all applicable policies and laws affecting Plan amendments.

<p>2014</p>	<p>b) Verify balances from final accounting provided by the Finance Department to general ledger:</p> <p>i. Select a sample of 25 that includes parks, trails, projects and cancelled projects 15 judgmental, including:</p> <ol style="list-style-type: none"> 1. Melendez 2. Monica Raybal 3. MRC including Marty Sanchez Golf Course 4. Pueblo Del Sol Trails 5. Cathedral 6. Santa Fe River Parkway, and 7. GCCC. <p>ii. 10 random</p> <p>iii. If indications of fraud are found increase sample size to 40.</p>	<p>The additional judgmental sample for (b) will be selected through the analysis of information gathered through interviews, review of internal reports, external research, and data mining results.</p> <p>If indications of fraud are identified, REDW Certified Fraud Examiners will be utilized to assist with the additional testing.</p>
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PROJECT PHASE AND SCHEDULE	WORK PLAN	TACTICS
<p>FIELDWORK</p> <p>October-November 2014</p>	<p>c) Perform the following procedures on the above sample: (report findings/exceptions and make suggestions for improvement):</p> <ul style="list-style-type: none"> i. Determine if the improvements specified in the 2008 Parks Bond Implementation Plan were completed. If not, document and report, why not. ii. Determine if the criteria as defined in the original bond language was met. iii. If expenditures were made for improvements visually, verify that they were actually done at the park specified, if not, document and report, why not. iv. Verify that salary and benefits were properly tracked and accounted for each project. v. For monies spent on salaries and benefits for City employees verify that: <ul style="list-style-type: none"> 1. Monies spent were for direct labor on approved projects only, no salaries are paid for on-going operations or maintenance. 2. Employee job responsibilities are in line with work done (for example not paying for an administrative secretary's salary and claiming it was a direct cost). 3. Salary increases for these employees are in line with approved budgetary increases. vi. Verify that monies paid for contract labor followed City policies, and City, State and Federal law, especially as in regards to nepotism or conflicts of interest. As applicable, verify that: <ul style="list-style-type: none"> 1. That proper purchasing and procurement procedures were followed, as applicable, and 2. If relatives or persons that result in a conflict of interest were hired, determine how much money they were paid in total and for what parks — include in the report. 	<p>The REDW internal audit team is experienced in testing construction project and related expense tracking, performing wage analyses, and assessing expenditures for compliance with procurement laws and policies. We will develop testing attributes to test for each related risk and select payroll and expense statistical samples to allow for us to apply conclusions to the entire population from the findings identified.</p>

	<p>d) Obtain a report of all employees paid with Park Bond monies — select a sample of 25 (increase to 40 if indicators of fraud) and verify that:</p> <ul style="list-style-type: none"> i. Salaries were for direct labor on approved projects only, no salaries were paid for ongoing operations, or maintenance. ii. Employee job responsibilities are in line with work done (for example not paying for an administrative secretary's salary and claiming it was a direct cost. iii. Salary increases for these employees are in line with approved budgetary increases. 	<p>REDW's data mining expertise will allow our team to select a sample that will focus directly on the risks associated with this project giving the City a higher level of confidence on the results.</p>
	<p>e) Other procedures deemed necessary to achieve engagement objectives at auditor's discretion.</p>	<p>During the planning phase of this audit, REDW will use a risk-based approach to identify additional procedures that should be performed in order to meet the objectives described in the RFP.</p>

PROJECT PHASE AND SCHEDULE	FINAL REPORT	FACTS
REPORTING November-December 2014	<p>a) Agreed upon procedures report, in compliance with the NM State Auditor's Rule, and AICPA standards.</p> <p>b) Summary of whether the engagement objectives were met; if not, why not.</p> <p>c) Summary of work done and approach taken.</p> <p>d) Summary of work done and approach taken: (1) Include results of positive nature, too.</p> <p>e) Detail of any nepotism or conflicts of interest issues in regards to employees or contract work, including total amount paid and what parks were impacted.</p>	<p>REDW has extensive experience in drafting effective internal audit, AUP and consulting reports that provide management with reasonable and realistic recommendations for improvements. After completing the AUP and identifying findings or areas for improvement, we will work with management to develop the most effective and appropriate recommendations for the City.</p>
	<p>e) Detail of any findings as related to the audit testwork: (1) Report for public use that does not include names, but just job descriptions, dates and amounts, or any other relevant data. (2) Second summary sheet identifying which employees are associated with a particular job title in specified findings to allow management to pursue confidential personnel actions, if needed.</p>	<p>REDW always provides an executive summary report that is appropriate for public use as well as a detailed summary listing that management can use to research the detailed findings.</p>

PROJECT PHASE AND SCHEDULE	RECOMMENDATIONS	TACTICS
REPORTING November-December 2014	(1) Guidance in regards to an audit policy as related to bond issues.	REDW will utilize our experience on this AUP and information obtained from City personnel to draft an audit policy for bonds. If requested, REDW can assist with implementation and training of new processes and controls.
	(2) Recommendations for improving internal controls regarding allocations and reallocations, departmental policies, tracking of payroll, and other expenses, etc., (a) Prevention (b) Monitoring, and (c) Detection Controls.	REDW will develop recommendations that incorporate adequate controls and best practices.
	(3) How can the City improve on deliverables including a periodic accounting of what is being spent, and comprehensive final reports: (i) Project or Cost accounting (ii) Is it possible to utilize the E-1 system to track: <ol style="list-style-type: none"> 1. Project costs, including salaries and benefits to employees? 2. Direct labor associated with installation / implementation? 3. Create system generated reports for management, Finance Committee, and any other interested parties? 4. If so, does the City have the required module or does it need to be purchased, and 5. What type of training and how much will training cost for employees to use the cost/project accounting system; if available? 6. If the E-1 system cannot provide this functionality, what other viable options are there available, and what are the costs including training associated with this (these) option(s). 	REDW has vast resources that we can utilize to research this system and other system alternatives. These resources include REDW clients that utilize project tracking software, technical experts available through BDO Alliance USA, and internal software experts.

<p>FINAL RECOMMENDATIONS</p> <p>Proposed Completion Date:</p> <p>December/January 2015 (depending on the outcome of the AUP such as expanding sample sizes)</p>	<ul style="list-style-type: none"> • Conduct exit conference with City management and other stakeholders. • Deliver report to appropriate officials. 	<p>REDW will meet with City management and appropriate officials to report the results of the project. We will be flexible to meet your reporting needs.</p>
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PLANNING

REDW will coordinate planning efforts with appropriate City personnel. A full schedule including initial planning time, fieldwork, follow up, drafting of reports and reporting, will be provided to the City. We have the resources to be flexible with the project schedule to ensure that it is completed at a time that is convenient for City personnel and in an efficient and timely manner.

With the City's approval, the REDW team will utilize our ShareFile portal to allow secure file sharing related to the AUP. REDW's ShareFile portal is hosted onsite, and ShareFile data transfer is encrypted using either Secure Socket Layer (SSL) or Transport Layer Security (TLS) encryption protocols and up to AES 256-bit encryption. The City and REDW will use ShareFile to transfer confidential electronic files and to track progress toward audit completion.

REPORTING

Upon completion of test work, REDW will submit an AUP report and all other deliverables requested by the City, and will take steps to ensure strict confidentiality. As presented above, we will ensure that our reporting format allows for an executive summary report, suitable for public use, as well as a detailed report allowing for management to research and utilize the results of the project effectively. We will also present the project scope, objectives, procedures, findings and recommendations to management and/or the appropriate officials.

TIMING

Based on the Proposal Schedule, we anticipate planning the engagement in October, completing fieldwork during October and November, and reporting to the City during November or December 2014. This timeline will be dependent on the level of cooperation we receive from the City and whether we identify indications of fraud, requiring an expansion of our sample sizes. We will discuss the timeline in advance. Our large internal audit and fraud investigation staff almost always allows us to perform and complete work in the timeframes requested by our clients.

COST PROPOSAL

At REDW, we do everything we can to keep fees reasonable. Our policy is to estimate fees that are competitive, yet allow us to serve the needs of the City by providing high quality professional services. We have detailed the requested services as detailed in the RFP below by estimated hours and associated fees, assuming a standard hourly rate.

REQUESTED SERVICES	ESTIMATED HOURS	FEES
Work Plan (AUP as specified in the RFP)*	315	\$40,625
Consulting re: audit policy for bond issues**	35	\$3,125
Internal Control recommendations	15	\$1,875
Assessment of E-I system capabilities**	25	\$3,125
Total hours and fees	390	\$48,750

STAFF LEVEL CLASSIFICATION	ESTIMATED HOURS	HOURLY RATE	FEES
Principal/ Senior Manager	30	\$125	\$3,750
Manager	55	\$125	\$6,875
Specialist	25	\$125	\$3,125
Senior	185	\$125	\$23,125
Staff	90	\$125	\$11,250
Administrative Personnel	5	\$125	\$625
Total hours and fees	390	\$125	\$48,750

Our fees assume that City staff will provide general assistance, such as locating documents, providing requested reports and coordinating meetings.

***Our hours estimated above assume that fraud will not be identified and samples will not need to be expanded. In addition, it assumes that the policy guidance that REDW provides will involve drafting a quality assurance and audit policy surrounding the bond process only. If samples are expanded or additional policies and training are required, REDW will provide these additional testing, policies and procedures, and training services at the blended rate of \$125 per hour described above.**