



## STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** August 4, 2022

**Staff Contact:** Carol Akers, Purchasing & Contracts Administrator and Sheri Russell, Chief Financial Officer

**Agenda Title:** For Possible Action: Discussion and possible action regarding Contract No. 21300271 for Internal Audit Services with Eide Bailly, LLP, for an initial three-year term with two one-year options, for a not to exceed annual amount of \$110,000. (Carol Akers, cakers@carson.org and Sheri Russell, srussell@carson.org)

Staff Summary: Carson City is required to have an internal audit function to perform the duties described in article 3, section 3.075(2) of the Carson City Charter. A formal request for Statement of Qualifications ("SOQ") 21300271 was released on February 28, 2022, requesting qualified firms to submit qualifications to perform the Internal Audit Services.

**Agenda Action:** Formal Action / Motion

**Time Requested:** 5 Minutes

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### **Proposed Motion**

I move to approve the contract as presented.

### **Board's Strategic Goal**

Efficient Government

### **Previous Action**

July 12, 2022 - the Carson City Audit Committee approved recommending to the Board of Supervisors the awarding of the contract for Internal Audit Services to Eide Bailly, LLP. The vote by the Audit Committee was four in favor of the recommendation, with one member absent.

### **Background/Issues & Analysis**

A formal SOQ was released on February 28, 2022, and proposals were accepted until March 28, 2022 at 2:00 p.m. SOQs were received from two firms: Eide Bailly, LLP and Moss Adams, LLP. Both firms were selected to be interviewed. Both firms are very comparable, resulting in a difficult selection determination. Both firms possess governmental experience, have worked with Carson City in the past and charge comparable hourly fees.

Based on the Review and Selection Committee's review of the submissions and the interviews, Eide Bailly, LLP was selected to be recommended to the Audit Committee and the Board of Supervisors for the award of contract.

Eide Bailly, LLP is being recommended for the following reasons:

1. Extensive experience auditing Nevada cities, counties, school districts and state government, with significant knowledge of Nevada law.
2. Extensive experience auditing Carson City and in-depth knowledge of the City's departments and employees including operations, internal controls and risks.

3. In addition to achieving operating efficiencies, internal audits should provide an assurance that internal controls are effective to ensure reliable financial reporting. Eide Bailly has expertise in governmental financial reporting and single audits to include provisions of the new administrative requirements, cost principles and audit requirements for federal awards.

4. The hourly rates by staff level are very comparable to the firm that was considered; however, because Eide Bailly maintains an office in Reno, there will be minimal additional charges for travel expenses.

**Applicable Statute, Code, Policy, Rule or Regulation**

Article 3, section 3.075(2) of the Carson City Charter; NRS Chapter 332

**Financial Information**

**Is there a fiscal impact?** Yes

**If yes, account name/number:** General Fund - Internal Audit Department - Professional Services Account - 1010800-500309

**Is it currently budgeted?** Yes

**Explanation of Fiscal Impact:** \$110,000 was included in the Fiscal Year 2023 budget and is budgeted annually.

**Alternatives**

Do not approve the contract and/or provide alternative direction to staff.

**Attachments:**

[21300271 Draft Contract.pdf](#)

**Board Action Taken:**

Motion: _____	1) _____	Aye/Nay
	2) _____	_____
		_____
		_____
		_____

\_\_\_\_\_  
(Vote Recorded By)

**PROFESSIONAL SERVICES CONSULTANT AGREEMENT**

**Contract No. 21300271**

**Title: Internal Audit Services**

THIS CONTRACT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by and between Carson City, a consolidated municipality, a political subdivision of the State of Nevada, hereinafter referred to as "CITY", and Eide Bailly LLP, hereinafter referred to as "CONSULTANT".

**WITNESSETH:**

**WHEREAS**, the Purchasing and Contracts Manager for **CITY** is authorized pursuant to Nevada Revised Statutes (hereinafter referred to as "NRS") 332 and 338 and Carson City Purchasing Resolution #1990-R71, to approve and accept this Contract as set forth in and by the following provisions; and

**WHEREAS**, this Contract (does involve\_\_\_) (does not involve X) a "public work" construction project, which pursuant to NRS 338.010(18) means any project for the new construction, repair or reconstruction of an applicable project financed in whole or in part from public money; and

**WHEREAS, CONSULTANT'S** compensation under this agreement (does \_\_\_) (does not X) utilize in whole or in part money derived from one or more federal grant funding source(s); and

**WHEREAS**, it is deemed necessary that the services of **CONSULTANT** for **CONTRACT No. 21300271** (hereinafter referred to as "Contract") are both necessary and in the best interest of **CITY**; and

**NOW, THEREFORE**, in consideration of the aforesaid premises, and the following terms, conditions and other valuable consideration, the parties mutually agree as follows:

**1. REQUIRED APPROVAL:**

This Contract shall not become effective until and unless approved by the Carson City Board of Supervisors.

**2. SCOPE OF WORK (Incorporated Contract Documents):**

2.1 **CONSULTANT** shall provide and perform the following services set forth in **Exhibit A**, which shall all be attached hereto and incorporated herein by reference for and on behalf of **CITY** and hereinafter referred to as the "SERVICES".

2.2 **CONSULTANT** represents that it is duly licensed by **CITY** for the purposes of performing the SERVICES.

2.3 **CONSULTANT** represents that it is duly qualified and licensed in the State of Nevada for the purposes of performing the SERVICES.

For P&C Use Only	
CCBL expires	_____
GL expires	_____
AL expires	_____
PL expires	_____
WC expires	_____

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2.4 **CONSULTANT** represents that it and/or the persons it may employ possess all skills and training necessary to perform the SERVICES described herein and required hereunder. **CONSULTANT** shall perform the SERVICES faithfully, diligently, in a timely and professional manner, to the best of its ability, and in such a manner as is customarily performed by a person who is in the business of providing such services in similar circumstances. **CONSULTANT** shall be responsible for the professional quality and technical accuracy of all SERVICES furnished by **CONSULTANT** to **CITY**.

2.5 **CONSULTANT** represents that neither the execution of this Contract nor the rendering of services by **CONSULTANT** hereunder will violate the provisions of or constitute a default under any other contract or agreement to which **CONSULTANT** is a party or by which **CONSULTANT** is bound, or which would preclude **CONSULTANT** from performing the SERVICES required of **CONSULTANT** hereunder, or which would impose any liability or obligation upon **CITY** for accepting such SERVICES.

2.6 Before commencing with the performance of any work under this Contract, **CONSULTANT** shall obtain all necessary permits and licenses as may be necessary. Before and during the progress of work under this Contract, **CONSULTANT** shall give all notice and comply with all the laws, ordinances, rules and regulations of every kind and nature now or hereafter in effect promulgated by any Federal, State, County, or other Governmental Authority, relating to the performance of work under this Contract. If **CONSULTANT** performs any work that is contrary to any such law, ordinance, rule or regulation, it shall bear all the costs arising therefrom.

2.7 Special Terms and Conditions for Engineers, Architects, and Land Surveying/Testing:  
**(OMITTED)**

2.8 CITY Responsibilities:

2.8.1 **CITY** shall make available to **CONSULTANT** all technical data that is in **CITY'S** possession, reasonably required by **CONSULTANT** relating to the SERVICES.

2.8.2 **CITY** shall provide access to and make all provisions for **CONSULTANT** to enter upon public and private lands, to the fullest extent permitted by law, as reasonably required for **CONSULTANT** to perform the SERVICES.

2.8.3 **CITY** shall examine all reports, correspondence, and other documents presented by **CONSULTANT** upon request of **CITY**, and render, in writing, decisions pertaining thereto within a reasonable time so as not to delay the work of **CONSULTANT**.

2.8.4 It is expressly understood and agreed that all work done by **CONSULTANT** shall be subject to inspection and acceptance by **CITY** and approval of SERVICES shall not forfeit the right of **CITY** to require correction, and nothing contained herein shall relieve **CONSULTANT** of the responsibility of the SERVICES required under the terms of this Contract until all SERVICES have been completed and accepted by **CITY**.

### 3. CONTRACT TERM:

3.1 The term of this Contract begins retroactively on July 1, 2022, subject to Carson City Board of Supervisors' approval (anticipated to be August 4, 2022) and ends on June 30, 2025, with two (2) one-year options at the sole discretion of the CITY, unless sooner terminated by either party as specified in **Section 7** (CONTRACT TERMINATION).

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## 4. NOTICE:

4.1 Except any applicable bid and award process where notices may be limited to postings by **CITY** on its Bid Opportunities website ([www.carson.org](http://www.carson.org)), all notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by e-mail, by regular mail, by telephonic facsimile with simultaneous regular mail, or by certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified below.

4.2 Notice to **CONSULTANT** shall be addressed to:

Kimberley K. Higgins, CPA, Engagement Partner  
Eide Bailly, LLP  
5441 Kietzke Ln. Ste. 150  
Reno, NV 89511  
303-539-5905  
[Khiggins@eidebailly.com](mailto:Khiggins@eidebailly.com)  
Cc: [adonovan@eidebailly.com](mailto:adonovan@eidebailly.com)

4.3 Notice to **CITY** shall be addressed to:

Carson City Purchasing and Contracts Department  
Carol Akers, Purchasing and Contracts Administrator  
201 North Carson Street, Suite 2  
Carson City, NV 89701  
775-283-7362 / FAX 775-887-2286  
[CAkers@carson.org](mailto:CAkers@carson.org)

## 5. COMPENSATION:

5.1 The parties agree that **CONSULTANT** will provide the SERVICES specified in Section 2 (SCOPE OF WORK) and **CITY** agrees to pay **CONSULTANT** the Contract's compensation based upon the Scope of Work Fee Schedule for a not to exceed maximum annual amount of One Hundred Ten Thousand Dollars and 00/100 (\$110,000.00), and hereinafter referred to as "Contract Sum".

5.2 Contract Sum represents full and adequate compensation for the completed SERVICES, and includes the furnishing of all materials; all labor, equipment, tools, and appliances; and all expenses, direct or indirect, connected with the proper execution of the SERVICES.

5.4 **CITY** has provided a sample invoice and **CONSULTANT** shall submit its request for payment using said sample invoice.

5.5 Payment by **CITY** for the SERVICES rendered by **CONSULTANT** shall be due within thirty (30) calendar days from the date **CITY** acknowledges that the performance meets the requirements of this Contract or from the date the correct, complete, and descriptive invoice is received by **CITY** employee designated on the sample invoice, whichever is the later date.

5.6 **CITY** does not agree to reimburse **CONSULTANT** for expenses unless otherwise specified.

## 6. TIMELINESS OF BILLING SUBMISSION:

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6.1 The parties agree that timeliness of billing is of the essence to this Contract and recognize that **CITY** is on a fiscal year which is defined as the period beginning July 1 and ending June 30 of the following year. All billings for dates of service prior to July 1 must be submitted to **CITY** no later than the first Friday in August of the same year. A billing submitted after the first Friday in August will subject **CONSULTANT** to an administrative fee not to exceed \$100.00. The parties hereby agree this is a reasonable estimate of the additional costs to **CITY** of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to **CONSULTANT**.

## 7. CONTRACT TERMINATION:

### 7.1 Termination Without Cause:

7.1.1 Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties or unilaterally by either party without cause.

7.1.2 **CITY** reserves the right to terminate this Contract for convenience whenever it considers termination, in its sole and unfettered discretion, to be in the public interest. In the event that the Contract is terminated in this manner, payment will be made for SERVICES actually completed. If termination occurs under this provision, in no event shall **CONSULTANT** be entitled to anticipated profits on items of SERVICES not performed as of the effective date of the termination or compensation for any other item, including but not limited to, unabsorbed overhead. **CONSULTANT** shall require that all subcontracts which it enters related to this Contract likewise contain a termination for convenience clause which precludes the ability of any subcontractant to make claims against **CONSULTANT** for damages due to breach of contract, of lost profit on items of SERVICES not performed or of unabsorbed overhead, in the event of a convenience termination.

### 7.2 Termination for Nonappropriation:

7.2.1 All payments and SERVICES provided under this Contract are contingent upon the availability of the necessary public funding, which may include various internal and external sources. In the event that Carson City does not acquire and appropriate the funding necessary to perform in accordance with the terms of the Contract, the Contract shall automatically terminate upon **CITY'S** notice to **CONSULTANT** of such nonappropriation, and no claim or cause of action may be based upon any such nonappropriation.

### 7.3 Cause Termination for Default or Breach:

7.3.1 A default or breach may be declared with or without termination.

7.3.2 This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

7.3.2.1 If **CONSULTANT** fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or any SERVICES called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

7.3.2.2 If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONSULTANT** to provide the goods or SERVICES or any services required by this

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Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

7.3.2.3 If **CONSULTANT** becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or

7.3.2.4 If **CITY** materially breaches any material duty under this Contract and any such breach impairs **CONSULTANT'S** ability to perform; or

7.3.2.5 If it is found by **CITY** that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by **CONSULTANT**, or any agent or representative of **CONSULTANT**, to any officer or employee of **CITY** with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or

7.3.2.6 If it is found by **CITY** that **CONSULTANT** has failed to disclose any material conflict of interest relative to the performance of this Contract.

## 7.4 Time to Correct (Declared Default or Breach):

7.4.1 Termination upon a declared default or breach may be exercised only after providing 7 (seven) calendar days written notice of default or breach, and the subsequent failure of the defaulting or breaching party, within five (5) calendar days of providing that default or breach notice, to provide evidence satisfactory to the aggrieved party demonstrating that the declared default or breach has been corrected. Time to correct shall run concurrently with any notice of default or breach and such time to correct is not subject to any stay with respect to the nonexistence of any Notice of Termination. Untimely correction shall not void the right to termination otherwise properly noticed unless waiver of the noticed default or breach is expressly provided in writing by the aggrieved party. There shall be no time to correct with respect to any notice of termination without cause or termination for nonappropriation.

## 7.5 Winding Up Affairs Upon Termination:

7.5.1 In the event of termination of this Contract for any reason, the parties agree that the provisions of this **Subsection 7.5** (Winding Up Affairs Upon Termination) survive termination:

7.5.1.1 The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination; and

7.5.1.2 **CONSULTANT** shall satisfactorily complete SERVICES in progress at the agreed rate (or a pro rata basis if necessary) if so requested by **CITY**; and

7.5.1.3 **CONSULTANT** shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by **CITY**; and

7.5.1.4 **CONSULTANT** shall preserve, protect, and promptly deliver into **CITY** possession all proprietary information in accordance **Section 19** (CITY OWNERSHIP OF PROPRIETARY INFORMATION).

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## 7.6 Notice of Termination:

7.6.1 Unless otherwise specified in this Contract, termination shall not be effective until seven (7) calendar days after a party has provided written notice of default or breach, or notice of without cause termination. Notice of Termination may be given at the time of notice of default or breach, or notice of without cause termination. Notice of Termination may be provided separately at any time after the running of the 7-day notice period, and such termination shall be effective on the date the Notice of Termination is provided to the party unless a specific effective date is otherwise set forth therein. Any delay in providing a Notice of Termination after the 7-day notice period has run without a timely correction by the defaulting or breaching party shall not constitute any waiver of the right to terminate under the existing notice(s).

## 8. REMEDIES:

Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorney's fees and costs. The parties agree that, in the event a lawsuit is filed and a party is awarded attorney's fees by the court, for any reason, the amount of recoverable attorney's fees shall not exceed the rate of \$125 per hour. **CITY** may set off consideration against any unpaid obligation of **CONSULTANT** to **CITY**.

## 9. LIMITED LIABILITY:

**CITY** will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise expressly provided for elsewhere in this Contract. Damages for any **CITY** breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to **CONSULTANT**, for the fiscal year budget in existence at the time of the breach. **CONSULTANT'S** tort liability shall not be limited.

## 10. FORCE MAJEURE:

Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of this Contract after the intervening cause ceases.

## 11. INDEMNIFICATION:

11.1 To the extent permitted by law, including, but not limited to, the provisions of NRS Chapter 41, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of the indemnity which would otherwise exist as to any party or person described in this Section.

11.2 As required by NRS 338.155, if this Contract involves a "public work" construction project as defined above, **CONSULTANT** shall defend, indemnify and hold harmless the **CITY**, and the employees, officers and agents of the public body from any liabilities, damages, losses, claims, actions or proceedings, including without limitation, reasonable attorney's fees, to the extent that such liabilities, damages, losses, claims, actions or proceedings are caused by the negligence, errors, omissions, recklessness or intentional misconduct of the **CONSULTANT** or the employees or agents of the **CONSULTANT** in the performance of the Contract. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of the indemnity which would otherwise exist as



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to any party or person described in this section. However, with respect to any anticipated benefits to **CITY** resulting from the Scope of Work, **CONSULTANT** shall not be responsible or liable to **CITY** for any warranties, guarantees, fitness for a particular purpose or loss of anticipated profits resulting from any termination of this Contract. Additionally, **CONSULTANT** shall not be responsible for acts and decisions of third parties, including governmental agencies, other than **CONSULTANT'S** subcontractors, that impact project completion and/or success.

11.3 Except as otherwise provided in **Subsection 11.5** below, the indemnifying party shall not be obligated to provide a legal defense to the indemnified party, nor reimburse the indemnified party for the same, for any period occurring before the indemnified party provides written notice of the pending claim(s) or cause(s) of action to the indemnifying party, along with:

11.3.1 a written request for a legal defense for such pending claim(s) or cause(s) of action; and

11.3.2 a detailed explanation of the basis upon which the indemnified party believes that the claim or cause of action asserted against the indemnified party implicates the culpable conduct of the indemnifying party, its officers, employees, and/or agents.

11.4 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall not be obligated to fund or reimburse any fees or costs provided by any additional counsel for the indemnified party, including counsel through which the indemnified party might voluntarily choose to participate in its defense of the same matter.

11.5 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall be obligated to reimburse the reasonable attorney's fees and costs incurred by the indemnified party during the initial thirty (30) day period of the claim or cause of action, if any, incurred by separate counsel.

## 12. **INDEPENDENT CONTRACTOR:**

12.1 **CONSULTANT**, as an independent contractor, is a natural person, firm or corporation who agrees to perform SERVICES for a fixed price according to his or its own methods and without subjection to the supervision or control of the **CITY**, except as to the results of the SERVICES, and not as to the means by which the SERVICES are accomplished.

12.2 It is mutually agreed that **CONSULTANT** is associated with **CITY** only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted SERVICES pursuant to this Contract. **CONSULTANT** is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract.

12.3 Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for **CITY** whatsoever with respect to the indebtedness, liabilities, and obligations of **CONSULTANT** or any other party.

12.4 **CONSULTANT**, in addition to **Section 11** (INDEMNIFICATION), shall indemnify and hold **CITY** harmless from, and defend **CITY** against, any and all losses, damages, claims, costs, penalties, liabilities, expenses arising out of or incurred in any way because of, but not limited to, **CONSULTANT'S** obligations or legal duties regarding any taxes, fees, assessments, benefits, entitlements, notice of benefits, employee's eligibility to work, to any third party, subcontractor, employee, state, local or federal governmental entity.

12.5 Neither **CONSULTANT** nor its employees, agents, or representatives shall be considered employees, agents, or representatives of **CITY**.

## 13. **INSURANCE REQUIREMENTS (GENERAL):**

13.1 **NOTICE: The following general insurance requirements shall apply unless these general**

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**requirements are altered by any specific requirements set forth in CITY'S solicitation for bid document, the adopted bid or other document incorporated into this Contract by the parties.**

13.2 **CONSULTANT**, as an independent contractor and not an employee of **CITY**, must carry policies of insurance in amounts specified and pay all taxes and fees incident hereunto. **CITY** shall have no liability except as specifically provided in this Contract.

13.3 **CONSULTANT** shall not commence work before: (1) **CONSULTANT** has provided the required evidence of insurance to **CITY** Purchasing and Contracts, and (2) **CITY** has approved the insurance policies provided by **CONSULTANT**.

13.4 Prior approval of the insurance policies by **CITY** shall be a condition precedent to any payment of consideration under this Contract and **CITY'S** approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of **CITY** to timely approve shall not constitute a waiver of the condition.

13.5 *Insurance Coverage (13.6 through 13.23):*

13.6 **CONSULTANT** shall, at **CONSULTANT'S** sole expense, procure, maintain and keep in force for the duration of this Contract the following insurance conforming to the minimum requirements specified below. Unless specifically specified herein or otherwise agreed to by **CITY**, the required insurance shall be in effect prior to the commencement of work by **CONSULTANT** and shall continue in force as appropriate until the later of:

13.6.1 Final acceptance by **CITY** of the completion of this Contract; or

13.6.2 Such time as the insurance is no longer required by **CITY** under the terms of this Contract.

13.6.3 Any insurance or self-insurance available to **CITY** under its coverage(s) shall be in excess of and non-contributing with any insurance required from **CONSULTANT**. **CONSULTANT'S** insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by **CITY**, **CONSULTANT** shall provide **CITY** with renewal or replacement evidence of insurance no less than thirty (30) calendar days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by this Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as **CONSULTANT** has knowledge of any such failure, **CONSULTANT** shall immediately notify **CITY** and immediately replace such insurance or bond with an insurer meeting the requirements.

13.7 *General Insurance Requirements (13.8 through 13.23):*

13.8 **Certificate Holder:** Each liability insurance policy shall list Carson City c/o Carson City Purchasing and Contracts, 201 N. Carson Street, Suite 2, Carson City, NV 89701 as a certificate holder.

13.9 **Additional Insured:** By endorsement to the general liability insurance policy evidenced by **CONSULTANT**, The City and County of Carson City, Nevada, its officers, employees and immune contractors shall be named as additional insureds for all liability arising from this Contract.

13.10 **Waiver of Subrogation:** Each liability insurance policy shall provide for a waiver of subrogation as to additional insured, unless:

13.10.1 **CONSULTANT** maintains an additional \$5,000,000.00 umbrella policy in lieu of the Waiver of Subrogation Clause.

13.11 **Cross-Liability:** All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.

13.12 **Deductibles and Self-Insured Retentions:** Insurance maintained by **CONSULTANT** shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise

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specifically agreed to by **CITY**. Such approval shall not relieve **CONSULTANT** from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$50,000.00 per occurrence, unless otherwise approved by **CITY**.

13.13 **Policy Cancellation:** Except for ten (10) calendar days notice for non-payment of premium, each insurance policy shall be endorsed to state that; without thirty (30) calendar days prior written notice to Carson City Purchasing and Contracts, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by mail to Carson City Purchasing and Contracts, 201 N. Carson Street, Suite 2, Carson City, NV 89701.

13.14 **Approved Insurer:** Each insurance policy shall be issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made, and currently rated by A.M. Best as "A-VII" or better.

13.15 **Evidence of Insurance:** Prior to commencement of work, **CONSULTANT** must provide the following documents to Carson City Purchasing and Contracts, 201 North Carson Street, Suite 2, Carson City, NV 89701:

13.16 **Certificate of Insurance:** The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to Carson City Purchasing and Contracts to evidence the insurance policies and coverages required of **CONSULTANT**.

13.17 **Additional Insured Endorsement:** An Additional Insured Endorsement (CG20 10 or C20 26), signed by an authorized insurance company representative, must be submitted to Carson City Purchasing and Contracts to evidence the endorsement of **CITY** as an additional insured per **Subsection 13.9** (Additional Insured).

13.18 **Schedule of Underlying Insurance Policies:** If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the Underlying Schedule from the Umbrella or Excess insurance policy may be required.

13.19 **Review and Approval:** Documents specified above must be submitted for review and approval by **CITY** Purchasing and Contracts prior to the commencement of work by **CONSULTANT**. Neither approval by **CITY** nor failure to disapprove the insurance furnished by **CONSULTANT** shall relieve **CONSULTANT** of **CONSULTANT'S** full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of **CONSULTANT** or its subcontractors, employees or agents to **CITY** or others, and shall be in addition to and not in lieu of any other remedy available to **CITY** under this Contract or otherwise. **CITY** reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

## 13.20 **COMMERCIAL GENERAL LIABILITY INSURANCE:**

13.20.1 *Minimum Limits required:*

13.20.2 Two Million Dollars (\$2,000,000.00) - General Aggregate.

13.20.3 Two Million Dollars (\$2,000,000.00) - Products & Completed Operations Aggregate.

13.20.4 One Million Dollars (\$1,000,000.00) - Each Occurrence.

13.20.5 Coverage shall be on an occurrence basis and shall be at least as broad as ISO 1996 form CG 00 01 (or a substitute form providing equivalent coverage); and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, civil lawsuits, Title VII actions and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

# PROFESSIONAL SERVICES CONSULTANT AGREEMENT

Contract No. 21300271

Title: Internal Audit Services

## 13.21 BUSINESS AUTOMOBILE LIABILITY INSURANCE:

13.21.1 *Minimum Limit required:*

13.21.2 One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.

13.21.3 Coverage shall be for "any auto", including owned, non-owned and hired vehicles. The policy shall be written on ISO form CA 00 01 or a substitute providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

## 13.22 PROFESSIONAL LIABILITY INSURANCE (Architects, Engineers and Land Surveyors)

13.22.1 *Minimum Limit required:*

13.22.2 One Million Dollars (\$1,000,000.00).

13.22.3 Retroactive date: Prior to commencement of the performance of this Contract.

13.22.4 Discovery period: Three (3) years after termination date of this Contract.

13.22.5 A certified copy of this policy may be required.

## 13.23 WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:

13.23.1 **CONSULTANT** shall provide workers' compensation insurance as required by NRS Chapters 616A through 616D inclusive and Employer's Liability insurance with a minimum limit of \$500,000.00 each employee per accident for bodily injury by accident or disease.

13.23.2 **CONSULTANT** may, in lieu of furnishing a certificate of an insurer, provide an affidavit indicating that **CONSULTANT** is a sole proprietor; that **CONSULTANT** will not use the services of any employees in the performance of this Contract; that **CONSULTANT** has elected to not be included in the terms, conditions, and provisions of NRS Chapters 616A-616D, inclusive; and that **CONSULTANT** is otherwise in compliance with the terms, conditions, and provisions of NRS Chapters 616A-616D, inclusive.

## 14. BUSINESS LICENSE:

14.1 **CONSULTANT** shall not commence work before **CONSULTANT** has provided a copy of his Carson City business license to Carson City Purchasing and Contracts.

14.2 The Carson City business license shall continue in force until the later of: (1) final acceptance by **CITY** of the completion of this Contract; or (2) such time as the Carson City business license is no longer required by **CITY** under the terms of this Contract.

## 15. COMPLIANCE WITH LEGAL OBLIGATIONS:

**CONSULTANT** shall procure and maintain for the duration of this Contract any state, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONSULTANT** to provide the goods or SERVICES or any services of this Contract. **CONSULTANT** will be responsible to pay all government obligations, including, but not limited to, all taxes, assessments, fees, fines, judgments, premiums, permits, and licenses required or imposed by law or a court. Real property and personal property taxes are the responsibility of **CONSULTANT** in accordance with NRS Chapter 361 generally and NRS 361.157 and 361.159, specifically regarding for profit activity. **CONSULTANT** agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. **CITY** may set-off against consideration due any delinquent government obligation.

If the CITY was required by NRS 332.039(1) to advertise or request a proposal for this Agreement, by signing this Agreement, the **CONSULTANT** provides a written certification that the **CONSULTANT** is not currently engaged

# PROFESSIONAL SERVICES CONSULTANT AGREEMENT

Contract No. 21300271

Title: Internal Audit Services

in, and during the Term shall not engage in, a Boycott of Israel. The term "Boycott of Israel" has the meaning ascribed to that term in Section 3 of Nevada Senate Bill 26 (2017). The **CONSULTANT** shall be responsible for fines, penalties, and payment of any State of Nevada or federal funds that may arise (including those that the CITY pays, becomes liable to pay, or becomes liable to repay) as a direct result of the **CONSULTANT'S** non-compliance with this Section.

## 16. WAIVER OF BREACH:

Failure to declare a breach or the actual waiver of any particular breach of this Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

## 17. SEVERABILITY:

If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

## 18. ASSIGNMENT / DELEGATION:

To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by **CITY**, such offending portion of the assignment shall be void, and shall be a breach of this Contract. **CONSULTANT** shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written approval of **CITY**. The parties do not intend to benefit any third party beneficiary regarding their respective performance under this Contract.

## 19. CITY OWNERSHIP OF PROPRIETARY INFORMATION:

Any files, reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer programs, computer codes, and computer records (which are intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by **CONSULTANT** (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of **CITY** and all such materials shall be delivered into **CITY** possession by **CONSULTANT** upon completion, termination, or cancellation of this Contract. **CONSULTANT** shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of **CONSULTANT'S** obligations under this Contract without the prior written consent of **CITY**. Notwithstanding the foregoing, **CITY** shall have no proprietary interest in any materials licensed for use by **CITY** that are subject to patent, trademark or copyright protection.

## 20. PUBLIC RECORDS:

Pursuant to NRS 239.010, information or documents received from **CONSULTANT** may be open to public inspection and copying. **CITY** will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests. **CONSULTANT** may clearly label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 332.061, provided that **CONSULTANT** thereby agrees to indemnify and defend **CITY** for honoring such a designation. The failure to so label any document that is released by **CITY** shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

## 21. CONFIDENTIALITY:

**CONSULTANT** shall keep confidential all information, in whatever form, produced, prepared, observed or received by **CONSULTANT** to the extent that such information is confidential by law or otherwise required by this Contract.

## 22. FEDERAL FUNDING:

# PROFESSIONAL SERVICES CONSULTANT AGREEMENT

Contract No. 21300271

Title: Internal Audit Services

22.1 *In the event federal grant funds are used for payment of all or part of this Contract:*

22.1.1 **CONSULTANT** certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

22.1.2 **CONSULTANT** and its subcontractors must be registered in the US Government System for Award Management (SAM) for verification on projects with federal funding.

22.1.3 **CONSULTANT** and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

22.1.4 **CONSULTANT** and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and Executive Order 11478 (July 21, 2014) and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, sexual orientation, gender identity, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions).

22.1.5 If and when applicable to the particular federal funding and the Scope of Work under this Contract, **CONSULTANT** and its subcontractors shall comply with: American Iron and Steel (AIS) provisions of P.L. 113- 76, Consolidated Appropriations Act, 2014, Section 1605 – Buy American (100% Domestic Content of iron, steel and manufactured goods); Federal Highway Administration (FHWA) 23 U.S.C. § 313 – Buy America, 23 C.F.R. § 635.410 (100% Domestic Content of steel, iron and manufactured products); Federal Transit Administration (FTA) 49 U.S.C. § 5323(j), 49 C.F.R. Part 661 – Buy America Requirements (See 60% Domestic Content for buses and other Rolling Stock).

## 23. **LOBBYING:**

23.1 The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

23.1.1 Any federal, state, county or local agency, legislature, commission, council or board;

23.1.2 Any federal, state, county or local legislator, commission member, council member, board member, or other elected official; or

23.1.3 Any officer or employee of any federal, state, county or local agency; legislature, commission, council or board.

## 24. **GENERAL WARRANTY:**

**CONSULTANT** warrants that it will perform all SERVICES required hereunder in accordance with the prevailing standard of care by exercising the skill and care normally required of individuals performing the same or similar SERVICES, under the same or similar circumstances, in the State of Nevada.

## 25. **PROPER AUTHORITY:**

# PROFESSIONAL SERVICES CONSULTANT AGREEMENT

Contract No. 21300271

Title: Internal Audit Services

The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. **CONSULTANT** acknowledges that this Contract is effective only after approval by the Carson City Board of Supervisors and only for the period of time specified in this Contract. Any SERVICES performed by **CONSULTANT** before this Contract is effective or after it ceases to be effective is performed at the sole risk of **CONSULTANT**.

## **26. ALTERNATIVE DISPUTE RESOLUTION (Public Work):**

If the SERVICES under this Contract involve a "public work" as defined under NRS 338.010(18), then pursuant to NRS 338.150, a public body charged with the drafting of specifications for a public work shall include in the specifications a clause requiring the use of a method of alternative dispute resolution ("ADR") before initiation of a judicial action if a dispute arising between the public body and the **CONSULTANT** engaged on the public work cannot otherwise be settled. Therefore, unless ADR is otherwise provided for by the parties in any other incorporated attachment to this Contract, in the event that a dispute arising between **CITY** and **CONSULTANT** regarding that public work cannot otherwise be settled, **CITY** and **CONSULTANT** agree that, before judicial action may be initiated, **CITY** and **CONSULTANT** will submit the dispute to non-binding mediation. **CITY** shall present **CONSULTANT** with a list of three potential mediators. **CONSULTANT** shall select one person to serve as the mediator from the list of potential mediators presented by **CITY**. The person selected as mediator shall determine the rules governing the mediation.

## **27. GOVERNING LAW / JURISDICTION:**

This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. **CONSULTANT** consents and agrees to the jurisdiction of the courts of the State of Nevada located in Carson City, Nevada for enforcement of this Contract.

## **28. ENTIRE CONTRACT AND MODIFICATION:**

This Contract and its integrated attachment(s) constitute the entire Contract of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other Contracts that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Carson City Board of Supervisors. Conflicts in language between this Contract and any other agreement between **CITY** and **CONSULTANT** on this same matter shall be construed consistent with the terms of this Contract. The parties agree that each has had their respective counsel review this Contract which shall be construed as if it was jointly drafted.

**PROFESSIONAL SERVICES CONSULTANT AGREEMENT**

**Contract No. 21300271**

**Title: Internal Audit Services**

**29. ACKNOWLEDGMENT AND EXECUTION:**

This Contract may be executed in counterparts. The parties hereto have caused this Contract to be signed and intend to be legally bound thereby as follows:

**CITY**

Executive Office  
Attn: Carol Akers, Purchasing & Contracts Administrator  
Purchasing and Contracts Department  
201 North Carson Street, Suite 2  
Carson City, Nevada 89701  
Telephone: 775-283-7362  
Fax: 775-887-2286  
[CAkers@carson.org](mailto:CAkers@carson.org)

**CITY'S LEGAL COUNSEL**

Carson City District Attorney

I have reviewed this Contract and approve as to its legal form.

By: \_\_\_\_\_  
Sheri Russell, Chief Financial Officer

By: \_\_\_\_\_  
Deputy District Attorney

Dated \_\_\_\_\_

Dated \_\_\_\_\_

**CITY'S ORIGINATING DEPARTMENT**

**CONSULTANT will not be given authorization to begin work until this Contract has been signed by Purchasing and Contracts**

**BY:** Carol Akers

Acct: 1010800-500309

By: \_\_\_\_\_

Dated \_\_\_\_\_

:



**PROFESSIONAL SERVICES CONSULTANT AGREEMENT**

**Contract No. 21300271**

**Title: Internal Audit Services**

Undersigned deposes and says under penalty of perjury: That he/she is **CONSULTANT** or authorized agent of **CONSULTANT**; that he/she has read the foregoing Contract; and that he/she understands the terms, conditions and requirements thereof.

**CONSULTANT**

**BY:** Kimberley K. Higgins, CPA

**TITLE:** Engagement Partner

**FIRM:** Eide Bailly, LLP

**CARSON CITY BUSINESS LICENSE #: BL-002360**

**Address:** 5441 Kietzke Ln. Ste. 150

**City:** Reno                      **State:** NV                      **Zip Code:** 89701

**Telephone:** 303-539.5905

**E-mail Address:** khiggins@eidebailly.com

\_\_\_\_\_  
(Signature of Consultant)

**DATED** \_\_\_\_\_

**PROFESSIONAL SERVICES CONSULTANT AGREEMENT**

**Contract No. 21300271**

**Title: Internal Audit Services**

**CONTRACT ACCEPTANCE AND EXECUTION:**

The Board of Supervisors for Carson City, Nevada at their publicly noticed meeting of August 4, 2022, approved the acceptance of the attached Contract hereinbefore identified as **CONTRACT No. 21300271**. Further, the Board of Supervisors authorizes the Mayor of Carson City, Nevada to sign this document and record the signature for the execution of this Contract in accordance with the action taken.

**CARSON CITY, NEVADA**

\_\_\_\_\_  
LORI BAGWELL, MAYOR

DATED this 4<sup>th</sup> day of August, 2022.

**ATTEST:**

\_\_\_\_\_  
AUBREY ROWLATT, CLERK-RECORDER

DATED this 4th day of August, 2022.

**PROFESSIONAL SERVICES CONSULTANT AGREEMENT**

**Contract No. 21300271**

**Title: Internal Audit Services**

**SAMPLE INVOICE**

Invoice Number: \_\_\_\_\_

Invoice Date: \_\_\_\_\_

Invoice Period: \_\_\_\_\_

Invoice shall be submitted to:

Carson City Finance Department

Attn: Sheri Russell, Chief Financial Officer, email: [SRussell@carson.org](mailto:SRussell@carson.org)

201 North Carson Street, Suite #3

Carson City NV 89701

<b>Line Item #</b>	<b>Description</b>	<b>Unit Cost</b>	<b>Units Completed</b>	<b>Total \$\$</b>
<b>Total for this invoice</b>				

Original Contract Sum                                   \$ \_\_\_\_\_  
Less amount previously billed                     \$ \_\_\_\_\_  
= contract sum prior to this invoice             \$ \_\_\_\_\_  
Less this invoice                                       \$ \_\_\_\_\_  
=Dollars remaining on Contract                   \$ \_\_\_\_\_

**ENCLOSE COPIES OF RECEIPTS & INVOICES FOR EXPENSES & OUTSIDE SERVICES**



**Response to Request for Statement of Qualifications (SOQ) #21300271  
to Perform Internal Audit Services for  
CARSON CITY, NEVADA**

March 28, 2022

**Submitted By:**

**Eide Bailly LLP**  
5441 Kietzke Ln. Ste. 150  
Reno, Nevada 89511

**Contacts**

Kimberley K. Higgins, CPA  
Ph. 303.539.5905 (direct)  
[khiggins@eidebailly.com](mailto:khiggins@eidebailly.com)

Audrey Donovan, CIA, CGAP, CRMA  
Ph. 303.586.8533 (direct)  
[adonovan@eidebailly.com](mailto:adonovan@eidebailly.com)

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## EXPERIENCE

Our experienced professionals are committed to the industries we serve. We focus on training, and we like to think of ourselves as thought leaders.

## PEOPLE

We’re a team of collaborators and innovators. Our culture is the heart of our firm, and we’re always working together to do things differently and better.

## COMMUNICATION

Open, honest, frequent communication ensures that you’re not in for any surprises. We’ll stay in touch throughout the year so you feel understood, connected and confident.

## CORPORATE RESPONSIBILITY

We consider ourselves good corporate citizens—caring for our people, giving back to our communities, and taking care of our environment.

## a. Introductory Cover Letter

March 28, 2022

Carol Akers – Purchasing and Contracts Administrator  
Carson City Purchasing and Contracts  
201 N. Carson Street, Suite 2  
Carson City, NV 89701

Dear Ms. Akers,

Enclosed is Eide Bailly LLP’s (Eide Bailly) response to Carson City’s (the City) Request for Statement of Qualifications (SOQ) 21300271 to perform the City’s Internal Audit Services. The enclosed proposal demonstrates that the City will benefit from the continued service and relationship we have collaboratively built with you since 2018. We strongly believe we are your valued partner, now and into the future, to assist with tailored, city-wide risk assessments, detailed annual audit plans, and independent internal audit and performance audit services.

Our objective is to enhance and protect the City’s organizational values by providing risk-based and objective assurance, advice and insight. Our resources help the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Thank you for giving Eide Bailly the opportunity to present our qualifications to perform the City’s independent Internal Audit function. We are confident the City will benefit from our continued service for the following reasons:

**Extensive Government Industry Experience:** Our deep government consulting experience is rooted in more than **70 years** of experience serving cities similar to yours and currently providing similar services to more than 1,200 government clients throughout the nation. Our professional consultants work closely together so you receive valuable service from people who understand your needs and know your operations. We will work closely with the City to identify issues and provide responsive solutions that are tailored to your needs.

**Depth of Resources:** The service team assigned has provided internal audit services to the City since 2018 and prior to that Eide Bailly was the City’s former external auditor. This experience will continue to bring the City services and support with our multidisciplinary service team of internal auditors, performance auditors, government audit professionals, information systems professionals, cybersecurity professionals, fraud and forensic accountants, government finance managers and certified public accountants. Our size enables us to be responsive to the City’s needs and unique challenges while also providing the necessary breadth and depth of services required in today’s complex and ever-changing environment.

We deliver honest and insightful advice beyond what is normally experienced in the public accounting industry. If you are still wondering why Eide Bailly, our tagline sums it up—what inspires you, inspires us. Your success is our success.

### At a Glance GOVERNMENT



**70+**  
YEARS EXPERIENCE



**1,200**  
INDUSTRY CLIENTS



**275+**  
DEDICATED STAFF



**\$22.8 BILLION ANNUAL**  
AVERAGE IN SINGLE AUDITS

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

### Primary Contacts for the City



<b>Kimberley K. Higgins, CPA</b> Engagement Partner	<b>Audrey Donovan, CIA, CGAP, CRMA</b> Senior Project Manager
Ph. 303.539.5905 (direct) <a href="mailto:khiggins@eidebailly.com">khiggins@eidebailly.com</a>	Ph. 303.586.8533 (direct) <a href="mailto:adonovan@eidebailly.com">adonovan@eidebailly.com</a>

To ensure that you receive the best from all working with you, both Kim and Audrey will be actively involved in the work we perform. We are proud and honored to work with Carson City as your trusted advisor and look forward to discussing any questions concerning this proposal. Thank you again for your consideration.

Sincerely,

**Kimberley K. Higgins, CPA**  
Partner

**Audrey Donovan, CIA, CGAP, CRMA**  
Senior Manager

### AT A GLANCE



TOP 25 CPA FIRM



40+ OFFICES IN 14 STATES



350+ PARTNERS



2,500+ STAFF MEMBERS



FOUNDED IN 1917

### Why Choose Eide Bailly to be your Internal Audit Partner?

- Consulting knowledge in risk and compliance
- Specific industry expertise and benchmarking capability
- Top 25 CPA firm with over 100 years of experience
- Specialized insight related to compliance and operational efficiency
- Data analysis capabilities



## b. Relevant Internal Audit Experience

When it comes to managing business risk, control and governance within your organization, it is not just about the financial requirements. An internal audit provides a tool to address and manage business, implement added accountability and improve your assessment and continuing measurement of risk and more.

Our internal audit services within our risk advisory practice represents a core component of our firm's overall consulting practice. Our internal audit experience includes a wide range of services for government, nonprofit, higher education, foundation, and for-profit entities. Our team has the experience, skill sets, knowledge, education, certifications, and multidisciplinary background to provide Carson City with the following range of services, which include, but are not limited to:

- Performance Audits
- Internal Audits
- Internal Controls Review
- Risk Assessments (Enterprise Risk, Fraud Risk, Internal Controls, Information Technology Risks)
- Information Technology Audits
- Vulnerability and Security (i.e., Cyber) Assessments
- Fraud & Forensic Investigations

We understand our role as internal auditors will be one of independence with no direct operational responsibility or authority over any activities audited, with the audit process and reports performed in compliance with auditing and reporting standards established by *The Institute of Internal Auditors*.

We are currently the outsourced internal auditor for Carson City, as well as several other government entities. As such, we understand the City's request, expectations and requirements for a successful internal audit function and can hit the ground running without requiring additional time to learn about the City or how to interact with City officials or departments. We already have that knowledge and good working relationship for us to continue our progress with the 2022/2023 internal audit activities in an effective, efficient and seamlessly manner.

We will continue to perform a Citywide Risk Assessment in collaboration with the City's Chief Financial Officer, City Manager, Department Heads and Audit Committee. Risks identified will be prioritized and used to develop the Annual Audit Plan, with both the Citywide Risk Assessment and Annual Audit Plan presented to the Audit Committee and Board of Supervisors (BOS) for approval. Projects as directed by the Audit Committee will be performed in alignment with the approved Audit Plan and in accordance with internal audit standards.



## INDUSTRY KNOWLEDGE

Team members are well positioned in government industry organizations throughout the nation. Some of these include:

- **American Institute of Certified Public Accountants (AICPA)**
  - Governmental Audit Quality Center (GAQC)
  - State and Local Government Expert Panel
  - Private Companies Practice Section Technical Committee (PCPS)
- **Institute of Internal Auditors (IIA)**
- **Association for Local Government Auditors (ALGA)**
- **Association of Governmental Accountants (AGA)**
  - Both local and national board involvement, including leadership positions.
  - Financial Management Standards Board
  - Governmental Accounting Standards Advisory Council (GASAC)
- **Government Finance Officers Association (GFOA)**
  - Leadership roles, both national and local.
  - Review committee for the GFOA's Certificate of Excellence for Achievement in Financial Reporting.
- **Government Accounting Standards Board (GASB)**
  - Janeen Hathcock, Senior Manager, just completed a GASB fellowship working on current GASB projects and brings that project experience back to our clients.



## Internal Audit and Performance Audit Activities Performed For Carson City

### Activities Performed on behalf of Carson City, not all-inclusive:

- Have performed the annual risk assessment as well as Internal Pentest, Vulnerability Assessment and External Network Testing.
- Based on the priorities identified in the risk assessment, created the annual internal audit plan and the management thereof.
- Assessed risk and current internal control environment over operational processes.
- Conducted internal audits, performance audits and information technology audits.
- Issued internal audit reports that summarize internal audit findings, recommendations and management responses issued for each audit.
- Managed to the annual budget established by the Audit Committee and delivered all work on-time and on-budget.
- Assessed compliance with policies, standards and applicable laws and regulations.
- Interacted with City management, boards and committees as needed.
- Assessed the accuracy, reliability and timeliness of significant financial, managerial and operational information.
- Assessed achievement of programs, plans and objectives.
- Supplied recommendations for policy, procedure and system control improvements.
- Monitored and performed internal audit follow-up on previous findings and recommendations.
- Managed Fraud, Waste & Abuse hotline and performed investigations of suspected fraud, where applicable.
- Delivered quarterly updates to the Audit Committee.

Below are the internal audit and performance audit activities performed since fiscal year 2018/19.

FY18/19 - Internal Audit & Performance Audit Services Performed	FY 20/21 - Internal Audit & Performance Audit Services Performed
1. Fire Overtime Study	1. Internal & External Vulnerability Audit (information technology)
2. Temporary Staffing Review	2. Citywide Revenue & Accounts Receivable Audit
3. Risk Assessment & Annual Audit Plan for FY19/20	3. Public Works - Vehicle Fleet Audit
	4. Risk Assessment & Annual Audit Plan for FY21/22
FY19/20 - Internal Audit & Performance Audit Services Performed	FY21/22 - Internal Audit & Performance Audit Services Performed
1. Citywide Social Media Audit	1. Citywide Payroll Process Audit
2. Accounts Payable & Purchasing-Card Audit	2. Insourcing vs. Outsourcing (Privatization) of Building Division Activities - <b>In Progress</b>
3. Human Resource Benefits Audit	3. IT Vulnerability Follow-Up - <b>In Progress</b>
4. Cash Handling Audit	4. End-User & Wireless Vulnerability Assessment - <b>In Progress</b>
5. Risk Assessment & Annual Audit Plan for FY20/21	5. American Rescue Plan Act Consulting
	6. Risk Assessment & Annual Audit Plan for FY22/23 - <b>In Progress</b>

### Performance Audit Experience

Eide Bailly provides performance audit services within the government, healthcare, insurance and banking industries. Performance auditing is the fastest growing area of practice in state and local governments due to stakeholders demanding accountability, compliance and effective uses for resources provided.

We've found that the best method to deliver performance auditing services to our clients is to lead engagements with professionals experienced in performance auditing. They work alongside our industry specific audit and advisory personnel as necessary, to bring the best skills to the engagement. This method of delivery provides our clients with an effective mixture of quality talent while also working with those who are experts in operational controls.

Eide Bailly has conducted many performance audits focused on internal control and compliance objectives, as well, as performance audits with program effectiveness, economy and efficiency objectives. Engaging the right team is critical to creating objectives that improve program performance and operations, reduce costs, ease decision making and contribute to public accountability. Our approach is different than many others. We use a wealth of performance audit methodologies to profile and assess the performance of your programs and operations. We communicate proactively and constructively regarding the status of the project and any noted issues, problems or concerns.

## **Additional Relevant Experience**

### **Investigations & Special Projects Experience**

Eide Bailly understands that on occasion there will be requests for internal audit services outside of the annual audit plan. Special Projects are special request investigations, audits, reviews, special advisory requests or other consulting engagements. Examples include internal control reviews, legal compliance and financial related audits, and consulting on the latest accounting, regulations or compliance requirements.

Eide Bailly is also engaging with clients on the recently released compliance provisions from the United States Treasury Deputy Inspector General regarding the Coronavirus Aid, Relief and Economic Security Act (CARES Act) reporting of coronavirus relief fund (CRF) payments. Clients have also engaged us on managing outlays of CARES Act funds for compliance. We're also engaged with governments, such as Carson City, providing similar services regarding the American Rescue Plan Act (ARPA). These requests, and many others, are typically identified by leadership, key stakeholders, management, established whistleblower/fraud hotline, external audit, etc.

### **Forensic Accounting & Fraud Engagement Experience**

Our Certified Fraud Examiners (CFE) have the investigative techniques and technical skills needed to detect, investigate and prevent fraud. In addition to Certified Fraud Examiners, our forensics staff includes Certified Public Accountants (CPAs), Accredited Business Valuators, Certified Forensic Interviewers, former law enforcement professionals, and computer forensic specialists. Through our fraud and forensic advisory experience, we provide our clients with technical skills needed to detect, investigate and prevent fraud.

Our forensic accountants are experienced in assisting with internal, civil, criminal and insurance recovery investigations related to allegations of theft, fraud and accounting irregularities. The forensic methodologies and technology used by our team of specialists help uncover the facts of these situations and are court proven. We understand the urgency of resolving these types of matters and take pride in delivering a quality work product in an efficient and timely matter. Preventing fraud can save time, money and improve employee morale. There are many actions an organization can take to safeguard against fraud. Our fraud prevention professionals will pinpoint where your risks might be and then advise on internal controls and employee programs to avoid potentially fraudulent activity.

### **Information Technology, Technical Security, and Cybersecurity Experience**

Eide Bailly will assist the City with Information Technology and Security Audits based on our hybrid method for reviewing information technology and security controls. Eide Bailly utilizes procedures set forth by the Control Objectives for Information and Related Technology (COBIT), a program issued by the IT Governance Institute.

Every internal audit engagement includes our IT resources in some capacity. Whether it is highly technical as Cybersecurity or to just help ease discussions to obtain the necessary data to conduct the internal audit.

Our cybersecurity professionals have deep IT backgrounds, specializing in a broad range of security services allowing us to tailor solutions to your needs. We work with every level of your organization—your Audit Committee and executives, technical IT administrative personnel and general users—to provide insight and guidance so you can feel confident your data is protected.

We maintain a dedicated team of information security professionals who have significant knowledge and experience across a wide variety of industries and technologies. Our team of professionals holds several information security certifications including CISSP, GSEC, CRISC, CEPT, CISA, and CISM.

### Data Analytics Experience

With the help of our team of Certified Data Analysts we can discover what your data is really trying to say. From data strategy and goal setting, to merging your data sources in a data warehouse for a single source of truth, our team is here to help. One of the greatest benefits of data analytics regarding risk is trending. Results from analyzed data trends can pinpoint vulnerabilities to mitigate exposure to risk and improve internal operations.

This powerful service consists of five basic steps:



### Online Publications & Webinars

The City will also have access to resources on our Eide Bailly Government Industry website. We publish articles related to hot topics within government accounting. Below is a linked list of some of the recent articles posted to our website:

- [Lessons Learned from GASB-84 Implementation](#)
- [Frequently Asked Questions on GASB's Leasing Standard](#)
- [What You Need to Know About Internal Audit.](#)
- [How a Performance Audit Helps an Organization be More Efficient and Effective.](#)
- [The Impact of the Infrastructure Investment and Jobs Act on Government Entities](#)
- [What You Can Do to Protect Yourself from the New Log4j Security Vulnerability Release](#)

**Webinars** – We host frequent webinars dedicated to helping you and the City navigate complex issues. Each online seminar covers a different topic to help evaluate the steps necessary to achieve success and remain ahead of the curve.

- [ARPA and Infrastructure Bill Impacts and FAQs](#)  
*March 30, 2022 10:00 - 12:00 noon PDT* | [Register Here](#)
- [What are a Government's Risks and What is GASB Proposing to Disclose?](#)  
*March 24, 2022 10:00 - 12:00 noon PDT* | [Register Here](#)

**Cybersecurity Maturity Model Certification – You May Need It.**

**Eide Bailly: [Video Link](#)**

**Control Strategies to Minimize Cyber Risk and Reduce Fraud Opportunities.**

**Eide Bailly: [Video Link](#)**

## STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The City's Internal Audit function, through Eide Bailly's Internal Auditors, will govern itself by adherence to the mandatory elements of:

- The Institute of Internal Auditors' International Professional Practices Framework (IIA-IPPF).
- Core Principles for the Professional Practice of Internal Auditing.
- Code of Ethics.
- The International Standards for the Professional Practice of Internal Auditing.
- Definition of Internal Auditing.

Additionally, Internal Auditors will obtain guidance from the professional standards and practices of other, relevant professional organizations, including but not limited to, the American Institute of Certified Public Accountants (AICPA), the Information Systems Audit and Control Association (ISACA), and the Association of Certified Fraud Examiners (ACFE).

Our Certified Internal Auditors understand the mandatory elements of the standards and applicable guidance. Additionally, they are *career internal auditors*, meaning they have dedicated their educational and career experience to the profession of internal auditing. We take a risk-based approach to planning and performing the internal audit. We use our planning procedures in combination with our experience to identify specific risks and allocate resources based on our understanding of your organization and operations. Our internal audit professionals will bring strong process, procedure, internal control and risk management experience to the City. We bridge these skills with specialized insight related to risk and compliance and specific industry knowledge, to help the City reduce risk and improve operational efficiency.



### c. & d. Key Personnel and Certifications

All personnel selected to provide the City with the needed internal audit services have specific knowledge and experience conducting multidisciplinary internal audits and consulting for government entities and other internal audit engagements. We invest heavily in continuing professional education (CPE) for our people, so you can rest assured your service team is up to date on the latest trends, regulations and changes in the industry.

Our services will be executed by staff with the highest levels of expertise within our firm. Our staff consists of more than 2,500 personnel, with over 935 CPAs, 25 Certified Fraud Examiners and many Certified Internal Auditors (CIA), including two on the City's team; Certified Government Audit Professionals (CGAP), Certified Information Systems Auditors (CISA), Certified Information Systems Managers (CISM), Certification in Risk Management Assurance (CRMA), and Certified Information Systems Security Professionals (CISSP).

Our professionals include those experienced in managing Internal Audit departments, Performance Audit departments, Sarbanes-Oxley control reviews, COSO - IT and Internal Controls reviews, process improvement assessments, enterprise risk management or enterprise risk assessments, and independent internal audit and risk management professionals.

The core team assigned to the City's engagement has the knowledge and experience to provide exceptional services to the City. All services are supervised by, and are the responsibility of, a lead partner, which has been identified as **Kimberley Higgins**. Kim is a seasoned and experienced CPA and will be your main point of contact at Eide Bailly. **Audrey Donovan** will be the Lead Project Manager and will work directly with the City on the day-to-day coordination of internal audit services provided. We have included full professional bios in **Appendix A**. The following will provide you an overview of our qualifications.



**Kimberley K. Higgins, CPA | Internal/Performance Audit Lead Partner**

Kim leads Eide Bailly's Internal and Performance Audit practice for state and local governments and will serve as the lead partner of the engagement including managing our staff and quality control of projects delivered to the City. She has more than 30 years in public accounting, focused on governments throughout her career. She is the Partner-in-Charge of Eide Bailly's Colorado governmental practice and serves some of our firm's largest

government clients.

**Kim's certifications include:** Certified Public Accountant.

**Kim's clients include** (but not limited to): internal audit and performance audit engagements for Carson City as well as County of Sacramento; State of Montana LAD, Colorado State University and State of Colorado.



**Audrey Donovan, CIA, CGAP, CRMA | Internal/Performance Audit Senior Manager**

Audrey will guide the project and manage our staff through all phases of providing internal audit services to Carson City including quarterly updates to the Audit Committee and coordination with the City's CFO, as needed. She has 25 years of experience in internal audit, performance / operational audit and financial consulting for both the public and private sectors. In addition, Audrey was the former Deputy Director for the City & County of Denver,

Colorado's Performance Audit Department.

Audrey has managed and performed hundreds of operational and performance audits and utilized various performance audit methodologies, including benchmarking, surveys, data analytics, social impact analysis and facilitated sessions. She's the firmwide technical resource for internal audit and performance audit. She works closely with Eide Bailly's Special Advisory and Risk Advisory Services, such as, fraud and forensic, information technology and quality assurance review.

Audrey is active in the Institute of Internal Auditors (IIA) and was formally on the Internal Public Sector Committee for the IIA developing guidance for the public sector, such as, Implementing a New Internal Audit Function in the Public Sector.

**Audrey's certifications include:** Certified Internal Auditor, Certified Government Audit Professional and Certified in Risk Management Assurance.

**Audrey's clients include** (but not limited to): internal audit and performance audit engagements for Carson City, as well as Benchmark Foam, S.D.; Chipotle, Calif.; City of Monterey Park, Calif.; City of Riverside, Calif.; Colorado State University, Colo.; Continuum of Colorado, Colo.; County of Sacramento, Calif.; Los Angeles County Employee Retirement Association, Calif.; Orange County Sanitation District, Calif.; Riverton City, Utah; River Springs Charter School, Calif.; San Diego Housing Commission, Calif.; and University of Utah, Utah.



**Eric Berman, CPA, CGMA | Consulting Partner**

Eric has 27 years of experience auditing and controllership for state and local governments; thought leader and author for the entire Governmental Library for Commerce Clearinghouse Wolters Kluwer (CCH), which serves as the interpretative reference on governmental Generally Accepted Accounting Principle (GAAP), governmental best practices and governmental audits for governments, auditors and educators nationwide.

**Eric's certifications include:** Certified Public Accountant and Chartered Global Management Accountant

***Eric’s clients include*** (but not limited to): King County, Wash.; City of Dubuque, Iowa; Kennebec County, Maine; Bay Area Air Quality Management District, Calif.; State of Maine, State of Montana LAD, Commonwealth of Massachusetts State Comptroller and the State of California Secretary of State.



**Doug Sluyk, CIA, CISA, PMP | Manager of Risk Advisory Services - Internal Audit**

Doug has over 20 years as an experienced internal audit and finance professional with a demonstrated history in performing risk assessments, business process improvement and audit committee reporting in multiple industries including government, aviation, entertainment and media. He has created numerous risk assessments and created annual audit plans for various entities in his career.

Doug is the current Executive Vice President of the Information Systems Audit and Control Association (ISACA)<sup>®</sup> local chapter and former Board of Governors, President and Treasurer for the Institute of Internal Auditors.

***Doug’s certifications include:*** Certified Internal Auditor, Certified Information Systems Auditor and Project Management Professional.

***Doug’s clients include*** (but not limited to): internal audit and performance audit engagements for: River Springs Charter Schools, Calif.; Los Angeles County Employee Retirement Association, Calif.; City of Monterey Park, Calif.; Orange County Sanitation District, Calif.

**e. References**

We encourage you to contact the clients below to learn about their Eide Bailly experiences.

Client Name & Contact	Services Provided
<p><b>Carson City, Nevada*</b> - Client since 2016                      Sheri Russell, Chief Financial Officer                      775.283.7222   <a href="mailto:srussell@carson.org">srussell@carson.org</a></p>	<p>Fully Outsourced Internal Auditor: Annual Risk Assessment; Annual Audit Plan; conduct Internal Audits; Performance Audits; Special Investigations; Information Technology Audits; Business Consulting.</p>
<p><b>Hennepin Healthcare</b> - Client since 2011                      Kelsey Lawson, Chief Risk &amp; Compliance Officer                      612.873.9341   <a href="mailto:kelsey.lawson@hcmcd.org">kelsey.lawson@hcmcd.org</a></p>	<p>Internal audit risk assessment assistance and various process and operational reviews, Coding and billing audits and process reviews, Planning and Risk Assessment, revenue and charge capture analysis and process reviews, Telehealth, information security and various other focused reviews contained in annual audit and compliance plans. We’ve provided IA, compliance and advisory services since 2015.</p>
<p><b>King County, Washington</b> - Client since 2020                      Eben Sutton, Financial Accounting Administrator                      206.477.4750   <a href="mailto:eben.sutton@kingcounty.gov">eben.sutton@kingcounty.gov</a></p>	<p>Risk Assessment of Leases performed as well as HMC Accounting for Prop 1 Bonds.</p>
<p><b>County of Sacramento, CA</b> - Client since 2019                      Joyce Renison, Assistant Auditor - Controller                      916.874.7248   <a href="mailto:renisonj@saccounty.net">renisonj@saccounty.net</a></p>	<p>Outsourced Internal Audit: conduct Internal Audits that include preliminary Risk Assessment; develop Audit Work Plan; deliver final Internal Audit Report.</p>

*\* We have worked with Carson City since 2016 as the external auditor. As of 2018 we have been the Outsourced Internal Auditor conducting internal audits, performance audits, information technology audits and special investigations. We smoothly transitioned the City from Moss Adams, the previous provider, and have delivered an exceptional experience with our turn-key approach. We are dedicated to continuing to build upon our relationship with the City and are proud of our deep understanding of the City’s operations and processes.*

### Additional Internal Audit Clients

We provide internal audit and consulting services to more than 100 organizations throughout the firm and have included a few government and nonprofit clients provided with similar services in the past few years below.

- Bay Area Air Quality Management District
- California State Teachers Retirement System
- Colorado Department of Transportation
- Colorado Office of the State Auditor
- Colorado State University
- Comptroller of the Commonwealth of Massachusetts
- North Dakota Department of Human Services
- Orange County Sanitation District, California
- Riverton City, Utah
- San Diego Housing Commission
- Simi Valley Unified School District
- State of Idaho, Office of State Controller
- Wallowa County Treasurer, Washington

### f. Rates and Charges

Our fees are based on the complexity of the issue and the experience level of the staff members necessary to address it. We propose the following fees based on our understanding of the scope of work and the level of involvement of Carson City’s staff and the annual budget for Internal Audit. The fee proposal has been developed with Carson City’s budget in mind; we affirm that we will not exceed the budget and that this fee is inclusive of all costs to perform the services requested.

#### Internal Audit Services

Professional Services and Fees	Annual Budget
Total All Inclusive Maximum Price	\$110,000

We will perform all services within the 12-month engagement and meet the objectives as noted in the SOQ. This budget includes the annual City-Wide Risk Assessment, Annual Audit Plan, two (2) to three (3) Internal Audits, Follow-Up activities, monitoring of the Fraud, Waste & Abuse Hotline, and quarterly updates with the Audit Committee.

#### Hourly Rate by Staff Level

Staff Level	Standard Hourly Rate
Partner / Principal	\$350 - \$450
Senior Manager	\$300 - \$350
Manager	\$250 - \$300
Senior Associate	\$185 - \$250
Associate	\$125 - \$185

### Billing Policy Regarding Telephone Inquiries

We know clients appreciate access to all their service team members. We embrace this opportunity for constant communication and will ensure our team members are available when you have questions and issues. This service is included in the scope of the engagement. If an issue surfaces that falls outside the scope of this engagement, we will bring it to your attention and obtain approval before going ahead.

### Out-of-Pocket Fees

In addition to the professional fees listed above, you will be billed for actual out-of-pocket expenses such as travel time, mileage, lodging and meals, should we need to travel and be on-site.

**g. Estimated Manpower and Expense Matrix**

**Summary of Manpower & Expense Matrix**

Activity	2018 Hours	2022 Estimated Hours	Estimated Fees Based on Expense Matrix Below
Risk Assessment & Annual Audit Plan	200	100	\$25,000
Internal Audit, Performance Audit, Special Investigations & Projects	100 - 200/each	150 - 200/each	\$25,000 - \$35,000
Ongoing Follow-up	50 - 100	40	\$7,000
Administrative Support Services	50	32	\$9,000

**Manpower & Expense Matrix**

Staff Level	Hourly Rate	Hours	Total Fee	Hours	Total Fee	Notes
<b>Risk Assessment &amp; Annual Audit Plan</b>						
Partner	\$400	2	\$800			Conducting a Risk Assessment and developing the Annual Audit Plan requires a specialize skill set that is primarily held at the Senior Manager / Manager level and above. However, the Senior Associate assigned to Carson City has been trained to help perform these activities. Additionally, leveraging the prior 4 years of information gleaned from the City, we are able to reduce the planned hours from 200 hours noted in 2018. Resulting in a cost savings to the City.
Senior Manager	\$300	30	\$9,000			
Manager	\$250	40	\$10,000			
Senior Associate	\$185	28	\$5,180			
Associate	\$125					
<b>Total Hours</b>		<b>100</b>	<b>\$24,980</b>			<b>Blended Rate of \$250/hour</b>
<b>Internal Audit, Performance Audit, Special Investigations &amp; Projects</b>						
Partner	\$400	2	\$800	4	\$1,600	Based on the \$110,000 annual budget and historical performance to date, the City can reasonably expect to receive 2 – 3 engagements or more per year depending on the size of the engagement.
Senior Manager	\$300	8	\$2,400	10	\$3,000	
Manager	\$250	24	\$6,000	30	\$7,500	
Senior Associate	\$185	24	\$4,440	56	\$10,360	
Associate	\$125	92	\$11,500	100	\$12,500	
<b>Total Hours</b>		<b>150</b>	<b>\$25,140</b>	<b>200</b>	<b>\$34,960</b>	<b>Blended Rate of \$168 - \$175/hour</b>
<b>Ongoing Follow-up</b>						
Partner	\$400					Based on the current number of outstanding follow-up items and taking a historical review of the amount of work effort to perform the follow-up activities we are able to show a reduction in the planned hours from the 50 - 100 hours noted in 2018 to 40 hours in 2022. Resulting in a cost savings to the City.
Senior Manager	\$300	4	\$1,200			
Manager	\$250	8	\$2,000			
Senior Associate	\$185	8	\$1,480			
Associate	\$125	20	\$2,500			
<b>Total Hours</b>		<b>40</b>	<b>\$7,180</b>			<b>Blended Rate of \$180/hour</b>
<b>Administrative Support Services</b>						
Partner	\$400	4	\$1,600			Monitoring and resolving individual Fraud, Waste & Abuse Hotline cases and consultants' time attending the quarterly Audit Committee meetings.
Senior Manager	\$300	16	\$4,800			
Manager	\$250	8	\$2,000			
Senior Associate	\$185	4	\$740			
Associate	\$125					
<b>Total Hours</b>		<b>32</b>	<b>\$9,140</b>			<b>Blended Rate of \$286/hour</b>



## h. Technical Approach

Eide Bailly's internal audit process consists of three major phases: **Risk Assessment & Planning**, **Fieldwork** and **Reporting**. To illustrate our involvement, the following approach identifies the major tasks to be completed during each phase.

### ***Risk Assessment & Planning***

- Update/gain knowledge of organization and environment.
- Obtain documentation related to internal controls.
- Update/obtain the City's policies and procedures.
- Consider fraud through inquiry and brainstorming.
- Discuss with Audit Committee and Internal Audit liaison areas of risk and operations deemed out-of-scope (i.e., low risk).
- Review prior year internal audit activity performed.
- Evaluate status of implementation and proper remediation of risks identified from prior internal audits.
- Review the City's Strategic Plan and identify the risks of the City not meeting mission, vision or objectives.
- Conduct best practice benchmarking of environmental and external risks related to like municipalities.
- Prepare and distribute survey to key members of department leadership and staff.
- Interview individuals over governance, key accounting activities, information technology and management personnel.
- Perform Risk Assessment interviews and questionnaires.
- Document the Annual Risk Assessment & Annual Audit Plan for review and approval by the Audit Committee.

#### **RISK ASSESSMENT & PLANNING DELIVERABLES:**

Annual Risk Assessment & Annual Audit Plan with hours and budgeted fees that are in alignment with the City's annual budget to include Follow-Up Activities, Monitoring Fraud, Waste & Abuse Hotline, and two (2) to three (3) internal audit engagements to be performed.

### ***Fieldwork***

- Evaluate risks and prioritize project audits with City's Audit Committee.
- Develop a preliminary Audit Program for each identified internal audit for review and approval by the Audit Committee.
- Hold an entrance conference with the audited entity to communicate engagement objective, approach and the internal audit process.
- Perform sample testing, data analytics, walkthroughs, interviews, etc. as needed.
- Identify risks and prepare recommendations to remediate risks that are actionable.
- Create Draft Internal Audit report with necessary elements, Background, Objective(s), Scope, Methodology, Executive Summary, Finding, Recommendations and Management's Response to include individual responsible, action plan to remediate the risk and timeframe for remediation.
- Hold an Exit Conference (wrap up meeting) with the audited entity to wrap up the engagement and walk through the draft report.
- Extend invitation for the audited entity to attend the scheduled Audit Committee to address any questions or concerns that may arise from the Committee members.

#### **FIELDWORK DELIVERABLES:**

Draft Internal Audit Report in alignment with the stated objectives and approved Audit Program. Necessary elements include: Background, Objective(s), Scope, Methodology, Executive Summary, Finding(s), Recommendation(s), and Management's Response to address individual responsible, action plan to remediate the risk and timeframe for remediation.

### ***Reporting***

Quarterly reporting to the Audit Committee will include the following deliverables.

#### **REPORTING DELIVERABLES:**

- Final Internal Audit Report for Audit Committee review and approval.
- Status on Follow-Up activities performed to validate remediation of risks noted from prior internal audits.
- Provide status on monitoring activities from the City's Fraud, Waste & Abuse Hotline.
- Update status on progress of audits being performed and budget to actual status.
- Meet with the Board of Supervisors as needed.

Appendix A — Team Profiles

# TEAM PROFILES

**KIMBERLEY K. HIGGINS, CPA**

Partner

**INSPIRATION:** Client service is being available when my clients need me and being seen as their trusted advisor—someone able to help find answers and solutions to issues, and someone able to help them sleep better at night.

303.539.5905 | [khiggins@eidebailly.com](mailto:khiggins@eidebailly.com)

Since 1979, Kim has been providing public accounting services to a variety of clients, including government and quasi-government entities, nonprofits and state agencies. As a widely respected leader in her field, Kim also serves on several local and national conference planning committees and is a frequent speaker and trainer on government and nonprofit topics.

When working with Kim, clients can expect a trusted advisor who is able to break down high-level financial information into digestible content that anyone can understand. Serving on boards of directors also gives Kim a unique perspective to governance that she shares with her clients. Kim believes finding solutions is a crucial part of client service, and is something she enjoys doing with both staff and clients.

Aside from her career, Kim loves to walk, golf, play pickle ball and spend time outdoors tending her herb garden which fuels her passion for cooking. Now an empty nester, Kim looks forward to watching her sons grow and thrive as they launch their professional careers—one in NYC and the other in Chicago.

**Client Work**

Performs audits of some of the largest Colorado counties, cities and sizeable state agencies/departments.

Conducts audits in accordance with Generally Accepted Auditing Standards (GAAS), GAGAS (the Yellow Book) and Uniform Guidance.

Serves on Eide Bailly's Governmental Executive Committee, which guides the firm's practice goals in the governmental industry, as well as the Internal Audit Executive Committee, which guides the firm's internal audit practice goals.

Conducts consulting and internal audit engagements of government entities.

**Memberships**

Colorado Society of Certified Public Accountants

American Institute of Certified Public Accountants

Colorado Government Finance Officers Association

Government Finance Officers Association (SRC)

Special District Association of Colorado

**Designation/Licensures**

Certified Public Accountant

**Education**

Bachelor of Science in Business, Accounting – Murray State University, Ky.

Associate in Arts – University of Kentucky, HCC

**Community**

Susan G. Komen Breast Cancer Race for the Cure and 3-Day/60 Mile, Team Member and Team Captain

Juvenile Diabetes Research Foundation board member, Executive Committee Member and NBDC Chair

Father Woody Committee, Member

**AUDREY DONOVAN**, CIA, CGAP, CRMA

Senior Manager

**INSPIRATION:** Old-time sailors would sometimes get the phrase “hold fast” tattooed across their fingers. It was a reminder to stay vigilant in gripping the rigging of the ship. Without grasping the ropes firmly, a sailor could get a ship off course, or be himself swept overboard by wind and wave. I live by the core principle to hold fast to my values and vision of who I am and where I am going, even when hit with the storms of setbacks.

To maintain our grip on the ropes of our values, we need reminders written not on our hands, but in the books we read, the habits we perform and the hearts of those we love and befriend.

303.586.8533 | [adonovan@eidebailly.com](mailto:adonovan@eidebailly.com)

Audrey helps state and local governments with performance audits. She also assists privately held and publicly traded companies with internal audits.

Audrey is detail-oriented and focused and takes the time to understand the overall expected outcomes. She will work with you to identify the best approach that is both efficient and effective.

**Client Work**

Audrey has 25 years of experience in internal audit, performance/operational audit and financial consulting for both the public and private sectors. A large portion of her career was spent in the Risk Advisory Services of EY and PWC. Her experience includes managing internal audit consulting services, enterprise-wide risk assessments, process design, and documentation engagements. She is the firmwide technical resource for internal audit and performance audit. She works closely with Eide Bailly’s Special Advisory and Risk Advisory Services, such as, fraud and forensic, information technology and quality assurance review. Audrey has managed and performed hundreds of operational and performance audits and utilized various performance audit methodologies, including benchmarking, surveys, data analytics, social impact analysis and facilitated sessions.

Experienced in applying professional accounting and audit standards, including the Institute of Internal Auditors International Professional Practices Framework (IIA - IPPF); Generally Accepted Audit Standards (GAAS); Generally Accepted Government Audit Standards (GAGAS); and Generally Accepted Accounting Principles (GAAP).

Knowledgeable in internal control and risk management framework, theory, and techniques such as COSO - Internal Control Framework and COSO - Enterprise Risk Management Framework. Well-versed in applying performance audit, professional audit standards, analysis, methodology, and evaluation techniques.

Assists with fraud risk assessment and fraud reviews, IT integrated audits, future state design and implementation benchmarking assessments and leading practice recommendations.

Facilitates a variety of trainings and workshops as well as audit committee presentations. Assesses and implements a strong internal control environment. Also works with ERM implementation and readiness assessment, data analysis, Sarbanes-Oxley compliance, SOX IT assessments, COSO 2013 implementation, and policy/procedure development.

**Memberships**

Institute of Internal Auditors (IIA)

Denver Local Chapter of the IIA

Association for Local Government Auditors

Association of Government Accountants

Colorado Government Finance Officers Association

Finance Executive International

**Designation/Licensures**

Certified Internal Auditor

Certified Government Audit Professional

Certified Risk Management Assurance

**Education**

Bachelor of Science, Accounting – University of Utah

Master of Science, Management – Colorado State University

**Community**

Super Twins of the Rocky Mountains (STORM)

**ERIC S. BERMAN**, CPA, CGMA

Partner

**INSPIRATION:** I enjoy helping governments achieve the next level of operations, transparency and knowledge. As I like to say, 'Think like a taxpayer, because you are one.' We're all working for the same goals, and if our clients succeed, we succeed.

208.424.3524 | [eberman@eidebailly.com](mailto:eberman@eidebailly.com)

Eric is a nationally recognized speaker, author, thought leader and auditor with a wealth of government client experience. He brings a unique perspective to the firm's clients as a former Deputy Comptroller of the Commonwealth of Massachusetts, a chief financial officer of a state agency and an audit partner with clients ranging from a well-known stadium to statewide pension systems.

Eric's unique background and decades of governmental accounting, auditing and controllership experience allows his clients to meet their standards and goals and achieve new success along the way. He's been recognized with several major awards for his public service and work, and his insight means he can help you solve problems before they happen.

In his free time, Eric enjoys spending time with family, especially his new grandson, Jonah! He enjoys watching Boston sports—Red Sox, Patriots, Celtics and Bruins—but Jonah tops them all.

**Client Work**

Helped government entities across the U.S. understand and implement GASB Standards.

Consulted with state and local governmental clients with governmental accounting, auditing and controllership services.

Assisted clients in earning the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

Authored the entire governmental library of reference information and audit programs for CCH Wolters Kluwer.

Served as Deputy Comptroller of the Commonwealth of Massachusetts for 11 years and held the position of Chief Financial Officer of the Massachusetts Water Pollution Abatement Trust for five years.

**Memberships**

Represented the Association of Government Accounts (AGA) as the Vice Chairman of the Government Accounting Standards Advisory Council (GASAC) to GASB

AGA Boston chapter president and host of the 2017 Professional Development Training conference

AGA Treasurer-Elect, former Audit Committee chair and former chair of the Financial Management Standards Board

California Society of Certified Public Accountants, Governmental Accounting and Audit Committee

Massachusetts Society of Certified Public Accountants, Governmental Accounting and Auditing Committee

**Designation/Licensures**

Certified Public Accountant

Chartered Global Management Accountant

**Education**

Master of Science, Accountancy – Bentley University, Waltham, Massachusetts

Bachelor of Science, Broadcast Journalism – Boston University, Boston, Massachusetts

**DOUGLAS E SLUYK**, CIA, CISA, PMP

Risk Advisory Services Manager

**INSPIRATION:** “Internal auditors have to provide insight and foresight, not just hindsight.” Richard Chambers, Former Chairman of The Institute of Internal Auditors.

I apply this mindset to take a pragmatic approach to client needs, collaborating with stakeholders to serve as an advisor, identifying risk while defining recommendations and resolutions that compliment business objectives.

303.539.5915 | [dsluyk@eidebailly.com](mailto:dsluyk@eidebailly.com)

Doug plans, executes and manages various risk advisory services projects including operational internal audits, SOX 404 readiness assessments and compliance controls testing. He provides risk advisory services to public and privately held companies in a variety of industries, including transportation, hospitality, entertainment, manufacturing, financial services and government. Doug collaborates with business process owners as well as members of Senior Management to help identify operational and financial risks, ensure internal controls were appropriately designed to achieve control objectives, ensure control activities were carried out and provided constructive ideas for process improvement to mitigate the risks.

**Client Work**

Implemented a Governance Risk and Compliance (GRC) tool to increase efficiency and effectiveness of compliance results testing and reporting.

Provided innovative and value-added audit services, assisting in the implantation of a new financial reporting system, cost savings through operational process enhancements and established department as a business advisor.

Performed a review of critical information system integrations, facilitated cross-functional discussions to communicate to ensure completeness and accuracy and ensure external audit reliance.

Performed operational audits and designed control assessments for entertainment client. Requested by client senior finance leadership to lead the financial close-out and preparation of budget to actual results client largest annual event with revenues of \$120M.

Developed Enterprise Risk Assessments, Financial Risk Assessment, Internal Audit and SOX plans for multiple clients and industries ranging from \$500 million to \$25 billion annual revenue.

**Memberships**

Institute of Internal Auditors  
Information Systems Audit  
Controls Association

**Designation/Licensures**

Certified Internal Auditor  
Certified Information Systems  
Auditor  
Project Management Professional

**Education**

Bachelor of Finance—WP Carey  
School of Business, Arizona State  
University  
Master of Business  
Administration—University of  
Phoenix

**Community**

Denver Information Systems Audit  
Controls Association, EVP, Rocky  
Mountain Information Security  
Conference Co-Chair  
Denver Institute of Internal  
Auditors, Rocky Mountain Area  
Conference Co-Chair