



PROPOSAL FOR

# Audit Services

March 27, 2024

Prepared for  
**Donna McCormack**  
*City of Culver*

Prepared by  
**Brenda Bartlett**  
*Audit Partner, Sensiba*  
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Bend, OR 97702

# Table of Contents

Letter of Transmittal.....	2
Proposer Information.....	3
1. Audit approach.....	3
2. Use of City staff .....	6
3. Technical review of audit reports .....	6
4. Firm’s experience and knowledge of GASB pronouncements.....	7
5. Local office partners, manager, and senior staff assigned to the audit.....	7
6. Practices regarding provision of advice and recommendations.....	11
7. Three current municipal auditing client references .....	11
8. Sample management report .....	11
9. Other information that supports the scope of services to be provided .....	14
Fee Proposal.....	14
1. Detailed Fixed Fee Schedule.....	14
2. Special requests, reports or broadening of the scope of services.....	15
3. First time through hours and costs.....	16
Appendix A .....	17
Peer Review Report.....	17

City of Culver  
Donna McCormack  
P.O. Box 368  
Culver, OR 97734

Dear Ms. McCormack,

Thank you for the opportunity to present our proposal to provide professional auditing services to the City of Culver (“City”) in response to the City’s request for proposal. This proposal provides information on our experience, qualifications, and ability to address your financial and federal program audit needs. Our engagement proposal includes all work outlined in the City’s Request for Proposal.

Sensiba is properly licensed in the State of Oregon to conduct municipal audits and is independent of The City of Culver under Generally Accepted Auditing Standards (“GAAS”) independence standards.

Our audit work will be performed in accordance with GAAS and Oregon Minimum Standards for audits of municipal corporations, including required reporting under these standards.

We are confident you will find our firm has the experience and ability to provide you with excellent auditing and advisory services. We understand our proposal is a firm and irrevocable offer through the June 30, 2024, audit period.

Our firm is properly licensed for public practice as an independent auditor and Brenda Bartlett, CPA and Audit Partner is a licensed municipal auditor in the State of Oregon.

Thank you for considering Sensiba for your auditing service needs. Should you have any questions or comments, please contact us.

Sincerely,

*Brenda Bartlett*

Brenda Bartlett, Partner

# Proposer Information

## 1. Audit approach

### Overall audit approach

We approach our audit work from a perspective of being part of the City's team working to ensure financial accountability to the various stakeholders. Our mission is to assist our clients with improvement in internal controls and financial reporting practices, including identifying potential areas where they may achieve better operating efficiencies.

We review potential management comments and internal control deficiencies with management prior to reporting; we want to be sure we fully understand the situation and report it accurately to the governing body. When we do have recommendations, our goal is to assist management with recommendations for cost-beneficial strategies to work toward improvement.

### Transitioning to Sensiba

It's our first step in welcoming you as a new client, and it's an important one. Our goal is to have minimum disruption to your staff and make the transition as smooth as possible. Our focus will be on building a relationship with a transition tailored to your needs. Our team will begin with an in-depth review of your financial statements and operating environment, as well as meetings with your team to create a communication plan with clear expectations and timing for both of us.

Transition activities include:

- Planning sessions to discuss risks, expectations, the audit process, and timelines.
- Examination of your prior auditor's working papers to determine any additional procedures our team will perform on opening balances.
- Devising an efficient and effective audit plan.

### Interim Work

We will schedule the timing for interim work at a time that is convenient for the City's finance team. 2-3 weeks prior to the scheduled work, we will provide an interim document request list to guide the finance team in preparation for the work. We hold a kickoff meeting with the City's finance team and our core audit team on the first day of interim work to discuss current year operating results and potential changes in the City's resources or requirements compared to the prior year which may impact our audit plan.

Our interim work focuses on internal control walkthroughs, Oregon Minimum Standard compliance work, and general audit inquiries designed to assist us in our audit planning.

At the conclusion of interim work, we will send the required communication to the governing body with details about the planning and timing of our audit and will provide the fall fieldwork request list to management. The Audit Partner and Concurring Partner will review the team's plan for obtaining sufficient audit evidence.

#### Fall Fieldwork

Fall fieldwork will be scheduled for one full week. We generally plan our audits to be conducted remotely, however, we have flexibility to travel and can arrange with management for one or more of our team members to be on site if that is more convenient. On the first day of fieldwork we focus on putting together sample requests for the City so that this is provided early in the process to give the finance team time to gather the documents.

Our governmental audit programs are customized to each client based on our assessment of the significant risk areas, using our knowledge of both the City and other similar cities that we've worked with in the past.

We do not anticipate using specialists on the City's audit, as our team possesses the experience and education necessary to obtain evidence sufficient to support our audit opinion. Information technology specialists are used only when the IT system is deemed complex, and we do not anticipate this to be the case for the City's audit. Computer assisted technologies are used if considered to be an efficient manner to obtain audit evidence.

#### Exit Conference

Upon completion of fieldwork, we will hold an exit conference with management to review the audit fieldwork, potential management comments and internal control findings, and any open issues or items to be cleared prior to report issuance. At this time, we will also review any proposed audit adjustments and discuss with management whether they wish to record the adjustments or pass on those considered immaterial.

#### Concurring Partner – Quality Technical Review

Once the Audit Partner has reviewed the work and is satisfied that we have obtained sufficient audit evidence to support our opinion, the file is turned over to the Concurring Partner for a second technical review specific to high-risk audit areas.

Completion and Reporting Phase

Letters from attorneys will be requested as necessary and once the draft statements are completed and approved by management, we will prepare a management representation letter (MRL) for signature to conclude the audit. We use DocuSign in this process to avoid the cumbersome process of printing, signing and scanning back to us. Once we receive the signed MRL, Sensiba will issue the audit reports for incorporation into the annual report. We will also prepare our final written communication to the School’s Board.

At conclusion of the audit, we will submit the financial statements and Summary of Revenue and Expenditures to the Secretary of State.

Proposed Schedule

The timeline below is a proposed first-year engagement schedule and is subject to adjustment by management for their needs. The proposed fieldwork dates can be adjusted based on the timing of the City’s closed books and draft statement preparation but will follow the general outline and timing below.

Description	Service detail	Proposed Timing
Auditor Transition	Meet with your prior auditor to review working papers	June, TBD
Interim Work	Interim fieldwork (remote or on site as arranged with management)	Mid-July
Fieldwork	Remote or on site as arranged with management	September 9-13
Exit conference		September 13
Draft reports and letters	Provided to management for review and discussion	October 11, 2024
Draft statement comments	Incorporation of JCLD suggested edits, as applicable, into final financial report	October 18, 2024
Report Issuance	Issue auditor reports and related letters	October 25, 2024

## 2. Use of City staff

Management personnel will prepare the requested documents communicated in our request list. During fieldwork, personnel will provide documentation (invoices, checks, etc.) related to sample requests related to testing of various account balances and the single audit.

Many of our requests are related to support for year-end balance sheet amounts and are likely to already exist within the District's internal monthly closing process. We are flexible as to format and will strive to use documents that have been prepared for internal use rather than requiring special format documentation. The time commitment for this work is dependent on how much of the request list has been generated within the District's internal processes.

During the audit, we meet with management, grant managers and various other District personnel for inquiry and assistance with internal control walkthroughs and single audit procedures. The meetings are generally limited to 30 minutes each. Walkthroughs of internal controls are dependent on the District's internal policies.

## 3. Technical review of audit reports

The Audit and Concurring Partners review work performed by the audit team throughout the engagement. The Concurring Partner is independent of the audit team and focuses on engagement quality control.

Planning is reviewed immediately by both partners to ensure that the team has prepared an audit plan to address all risks and is designed to support an unmodified opinion.

Upon completion of fieldwork, the Audit Partner reviews the entirety of the work and ensures that all open issues have been resolved and that an unmodified opinion is supported by the work. The Concurring Partner then reviews the significant risk areas, all single audit work, the financial statements, and the auditors' reports to ensure overall engagement quality.

#### 4. Firm's experience and knowledge of GASB pronouncements

Sensiba subscribes to a variety of continuing professional education ("CPE") program offerings through Becker and the American Institute of Certified Public Accountants ("AICPA"). The subscriptions include many governmental updates and training programs. The audit partner attends the Oregon Governmental Audit conference and the AICPA Governmental Audit Conference annually to stay up to date on upcoming implementation standards. Each of our Oregon municipal audit team members receives the required number of hours CPE as specified by Governmental Auditing Standards ("GAS"), bringing with them a higher level of expertise, even when GAS standards do not apply to the audit.

The Audit Partner attends the 2-day Oregon Governmental Audit conference and the 3-day AICPA Governmental Audit Conference annually to stay up to date on upcoming GASB implementation standards and recent events and issues related to Oregon municipal audit law.

Because of our rigorous training programs, we can provide assurance that the audit team will consist of trained and experienced professionals who can assist the City with overall compliance with current and future GASB pronouncements.

#### 5. Local office partners, manager, and senior staff assigned to the audit

Sensiba cultivates a culture of kindness. Our leaders work hard to ensure team members have engaging work balances with plenty of time to spend with family and serve their communities. Our emphasis on *family, community, firm, in that order* has resulted in extremely low staff turnover. Due to our low staff turnover, our team maintains an ongoing relationship with our clients' finance teams so that they know who and what to expect from us each year and the City can reasonably expect to be assigned the same core team each year.

Resumes have been provided for the Engagement Partner, In-Charge Accountant, and Experienced Senior Associate who will be assigned to this engagement should our proposal be selected. In addition we expect to include an experienced audit associate to the team, who has been with the firm for four years.



## **Brenda Bartlett, Audit Partner**

Oregon Municipal Audit License #1512

Licensed Oregon CPA #9443

**[bbartlett@sensiba.com](mailto:bbartlett@sensiba.com)**

With over 25 years of experience, Municipal Audit Partner Brenda Bartlett specializes in audit and attest engagements. She graduated Magna Cum Laude from Oregon Institute of Technology with a Bachelor of Science in management information systems and accounting.

Brenda has directed and supervised a variety of audit and attest engagements for local governments. Over the course of her career, she has worked as a controller in both industry and governmental organizations.

As a licensed CPA in Oregon, she is a member of the American Institute of Certified Public Accountants and the Oregon Society of Certified Public Accountants.

Brenda invests her time in the local governmental accounting community by regularly leading presentations for local governments in the area of internal control, fraud prevention and upcoming changes in governmental accounting.

Currently, she serves as the chairman of the Oregon Board of Accountancy's Peer Review Oversight Committee.

Brenda will assume overall responsibility for the audit, including reviewing and executing the team's plan in accordance with *Government Auditing Standards*, reviewing the financial statements, and providing technical assistance to the team as needed.



## **Kristen Barrett, Audit Manager**

Licensed Oregon CPA #16376

**kbarrett@sensiba.com**

541-388-7888



Kristen Barrett earned her Bachelor of Science degree in accounting from Oregon State University and is a licensed CPA in Oregon. Kristen began her accounting firm with Sensiba in 2016 and was quickly promoted in a variety of roles to her current Manager position. Kristen has over eight years of governmental auditing and accounting experience and is highly experienced in auditing the more complex areas for municipal audit clients.

As a licensed CPA in Oregon, she is a member of the American Institute of Certified Public Accountants and the Oregon Society of Certified Public Accountants. She is currently working toward the continuing education courses required to apply for Oregon municipal licensure, with an anticipated completion in Spring 2024.

Kristen's governmental audit experience has been gained solely working with Oregon municipalities. She maintains the training required to plan and supervise engagements, which requires 80 biannual hours of directly relevant governmental accounting and auditing continuing professional education.

As audit manager, Kristen will work with the City and is authorized to make recommendations and decisions. She is responsible for helping to make sure audit deliverables are provided to the City in a timely manner.

## **Katrina Kaypaghian, Senior Audit Associate**

Licensed California CPA #134671

**[kkaypaghian@sensiba.com](mailto:kkaypaghian@sensiba.com)**

925-605-4968

With more than eight years of experience in accounting, Senior Associate Katrina Kaypaghian specializes in overseeing municipal audits (City, parks and recreation, and public library districts) from planning to completion, including supervising staff associates and managing client communications.

A Certified Public Accountant in the state of California, Katrina holds a bachelor's degree in Accounting from Santa Clara University and is a member of the AICPA and the California Society of Certified Public Accountants.

As the in-charge senior accountant, Katrina will be responsible for day-to-day supervision of the audit team and will work closely with Kristen on the complex areas of the audit.



## 6. Practices regarding provision of advice and recommendations

General questions relating to accounting and reporting are included in our audit fee and we encourage our clients to ask for assistance with issues related to internal controls, accounting standards, and reporting. Assistance of this type often results in a smoother, more efficient audit when we can address it before the audit begins.

Rarely, providing assistance with accounting and reporting may need significant time incurred to properly address and respond to City staff. If we believe a question will take additional research and analysis to respond to, we will discuss this with management and provide an estimate of hours to be incurred prior to starting the work.

## 7. Three current municipal auditing client references

Audit Client	Beginning Year of Audit	Contact Information
Jefferson County Education Service School	2002	Martha Bewley Chief Financial Officer, 541-475-2804 ext. 1006
Madras Aquatic Center	2019	Courtney Snead Executive Director 541-475-4523
Culver School District	2020	Megan VerVaecke Business Manager, 541-546-7504

In addition to our current audit clients, we have provided below two references who have worked with us on City consulting services:

Summer Sears, CPA  
summer@searscpa.com  
541.350.2056

Ashley Ivans,  
Assistant District Manager /  
Finance Director  
City of La Pine  
aivans@lapineoregon.gov  
541.536.1432 Opt 8

## 8. Sample management report

A recently issued management letter follows.



To the Board of Directors of  
XXXX

In planning and performing our audit of the basic financial statements of XXXX (the "District") as of and for the year ended June 30, 2023 in accordance with auditing standards generally accepted in the United States of America, we considered XXXX's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of XXXX's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following internal control deficiency to be a material weakness:

- During the reconciliation of the bank account, an entry of \$6,238 was made so that the bank account was in balanced. The entry was posted to an uncategorized expense account and management was unable to document why the bank was out of balance without the entry. Reconciliations are good tools to ensure that all transactions of the District are accounted for when used properly. We recommend the District ensure reconciliations are performed timely and discrepancies which are identified in the process of reconciling are investigated for proper follow up and classification.

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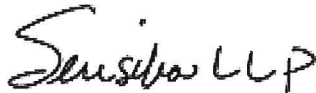
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in the entity's internal control to be significant deficiencies:

- During the year, the District received a grant to fund XXXX. During our audit procedures, we noted that the total of XXXX made exceeded the amount of the funding by \$3,205. We recommend for future, similar grant arrangements, the District reconcile the amounts received from the grant to the payments made on a regular basis to avoid overpayment of grant funds that would need to be covered by other means.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Respectfully,



Bend, Oregon

## 9. Other information that supports the scope of services to be provided

Sensiba underwent a peer review for the year ended June 30, 2022, which included a review of specific government engagements. The peer review resulted in a rating of pass. A copy of this Peer Review Letter can be found in Appendix A.

As part of your due diligence process, we understand the importance of a successful peer review in evaluating potential providers and the quality of their work. We're proud to have a passing grade on our latest peer review and invite you to investigate the reports of Sensiba and other responding firms here: <https://peerreview.aicpa.org/>

# Fee Proposal

## 1. Detailed Fixed Fee Schedule

The following table is a detailed, fixed-fee schedule for the financial statement audit and draft financial statement preparation for the year ending June 30, 2024. The hours contained in the table are the estimated number of hours each level of audit professional staff is expected to spend on the City's audit annually.

<i>Name</i>	<i>Position</i>	<i>Hourly Rate</i>	<i>Estimated Annual Hours</i>	<i>Professional Fees</i>
Brenda Bartlett	Partner	350	13	\$ 4,550
Kristen Barnett	Audit Manager	250	8	\$ 2,000
Katrina Kaypaghian	Senior In-Charge Auditor	215	51	\$10,965
Evie Figueroa	Associate	155	67	\$10,385
Jessica Mendiola	Concurring Partner	350	2	\$ 700
<b>Total</b>			<b>141</b>	<b>\$28,600</b>

The following is our estimate of fees for the three-year contract period per the RFP:

	<b>2024</b>	<b>2025</b>	<b>2026</b>
Financial Statement Audit	\$24,000	\$25,200	\$26,500
Draft Financial Statements	\$ 4,600	\$ 4,800	\$ 5,100
<b>Total</b>	<b>\$28,600</b>	<b>\$30,000</b>	<b>\$31,600</b>

New GASB standards are not included in the proposal and will be billed as applicable at our standard hourly rates times hours incurred to audit the implementation.

## 2. Special requests, reports or broadening of the scope of services

We encourage our clients to ask for assistance with issues related to internal controls, accounting standards, and reporting. Assistance of this type often results in a smoother, more efficient audit and is included in our proposed audit fee.

Special requests, reports, and broadening of audit scope will be billed at our standard hourly rates times hours incurred. We are sensitive to the need for the City to control its costs for public accountability and will make every effort to ensure any additional services provided are cost beneficial to the City, by using our extensive expertise to reduce overall hours needed to provide the additional services.

<b>Key Personnel</b>	<b>Hourly Rate</b>
Partner	\$350
Manager	\$250
Senior Associates	\$195-235
Associates	\$145-165



### 3. First time through hours and costs

As part of the transition process, we will review the previous auditor's working paper, and they may charge the City for their time. We will perform additional limited procedures on beginning balances, which are not expected to result in additional charges, but may cause staff to incur 1-2 hours of work.

For our financial statement preparation services, we will incur time to set up the statements. If the City can obtain Word and Excel documents for the June 30, 2023 statements, we will not charge for our set up time. If we have to create the documents from scratch, we anticipate to incur an estimated 16 hours of time at our associate rate.

# Appendix A

## Peer Review Report



### Report on the Firm's System of Quality Control

December 21, 2022

To the Partners of Sensiba San Filippo LLP and the National Peer Review Committee.

We have reviewed the system of quality control for the accounting and auditing practice of Sensiba San Filippo LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

#### Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Sensiba San Filippo LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Sensiba San Filippo LLP has received a peer review rating of *pass*.

*OlsenThielen & Co., LTD.*

Olsen Thielen & Co., Ltd.

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