



AGENDA

SPECIAL CITY COUNCIL MEETING (WORKSHOP) OF THE BANNING CITY COUNCIL CITY OF BANNING, CALIFORNIA

March 12, 2024
3:30 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

The following information comprises the agenda for the regular meeting of the Banning City Council, a joint meeting of the City Council and Banning Utility Authority, and the Banning City Council sitting in its capacity as the Banning Successor Agency Board.

Per City Council Resolution 2016-44, matters taken up by the Council before 10 p.m. may be concluded, but no new matters shall be taken up except upon a unanimous vote of the council members present and voting. Such an extension shall only be valid for one hour and each hour thereafter shall require a renewed action for the meeting to continue.

1. **CALL TO ORDER**
2. **PUBLIC COMMENTS** - *Agenda Items Only*
3. **WORKSHOP ITEMS**
 - 3.1 [Interviews of Finalists from the Request for Proposals for Citywide Forensic Investigation Services](#)
Recommendation: Confirm intent to Move Forward and Select firm to conduct Citywide Forensic Investigation Services
4. **ADJOURNMENT**

AFFIDAVIT • DECLARACIÓN JURADA

IT IS HEREBY CERTIFIED under the laws of the State of California that the above agenda was posted on the City's website (www.banningca.gov) as well as the Bulletin Board at Banning City Hall, located at 99 E Ramsey Street, Banning, CA 92220, at least 24 hours in advance of the meeting.

Caroline Patton, Administrative City Clerk
Secretario adjunto de la ciudad

PUBLIC NOTICE • NOTICIA PÚBLICA

Meeting Agendas and Notices

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Public Comment

Agenda Items

Any member of the public may address this meeting of the City Council on any item appearing on the agenda. A five-minute limitation shall apply to each member of the public and no member of the public shall be permitted to share their time with any other person.

Non-Agenda Items

Any member of the public may address this meeting of the Council on any item which does not appear on the regular meeting agenda but is of interest to the general public and is an item upon which the Council may act. A three-minute limitation shall apply to each member of the public and no member shall be permitted to share their time with any other person. No action shall be taken, nor discussion held by the Council, on any item which does not appear on the agenda, unless the action is otherwise authorized in accordance with the provisions of subdivision (b) of §54954.2 of the Government Code.

Special Assistance/Accessibility Requests

In compliance with the Americans with Disabilities Act, any member of the public may request that the agenda and agenda packet be mailed to them. If you need special assistance to participate in this meeting (such as translation services), please contact the City Clerk's Office. Advanced notification of at least 48 hours prior to the meeting will allow the city to make arrangements to ensure your accessibility.

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CONTACT • CONTACTO

City Clerk's Office | 951-922-3102 | CityClerks@banningca.gov
99 East Ramsey Street, Banning, California 92220



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Lincoln Bogard, Administrative Services Director
Lincoln Bogard, Administrative Services Director

MEETING DATE: March 12, 2024

SUBJECT: Interviews of Finalists from the Request for Proposals for Citywide Forensic Investigation Services

RECOMMENDATION:

Confirm intent to Move Forward and Select firm to conduct Citywide Forensic Investigation Services

BACKGROUND:

The City hired a new Finance Director on June 23, 2022. Fiscal Year 2021-22 ended on June 30, 2022. As a part of the year-end close process and completion of the audited financial statements, the Finance Director determined that the Electric Utility had approximately \$4 million in unrestricted cash at fiscal year end. In approximately October 2022, the City Manager, Finance Director, and Deputy Finance Director held discussions with the then Electric Utility Director, about the low levels of cash reserves at the electric utility. The Council determined that the Electric Utility would maintain an unrestricted cash reserve of \$11 million. The audited financial statements confirmed that \$4 million level of unrestricted cash. Continuing conversations occurred over the remainder of FY 2022-23, and the Finance Director (now Administrative Services Director) conducted a much more thorough analysis as the departments unrestricted cash ultimately moved negative department-wide in March and April of 2023. When the Administrative Services Director brought the June 30, 2023, negative unrestricted cash balance of approximately \$9 million (later revised based on year-end GASB 31 entries to negative \$8.6 million) to the City Manager, we agreed on the critical importance of reporting the results to Council. The analysis was presented to Council in a Special Session on August 15, 2023. Also in August, we moved forward with contracting GHJ Associates to perform a Phase 1 forensic investigation into the results of operations since 2018. Council expanded the scope of the forensic investigation twice. The final results were presented to Council and the public on February 27, 2024.

The forensic investigation confirmed the reporting that was made to Council on August 15, 2023. That meeting can be viewed online and is accessible from the City's website. The majority of cash spend related to capital asset construction and was approved by Council as a part of the Capital Improvement Plan. While there were issues of non-conformance with procurement policy issues, Council retroactively approved all instances identified, and no allegations of fraud were noted in the forensic investigation. Almost all areas of concern from a financial operations perspective can be identified through a thorough analysis of cash. Ultimately, the Electric Utility unrestricted cash balances decreased by over \$30M during Mr. Miller's tenure (2018-2024, and as of June 30, 2023).

When Council and the public were informed about the cash decline that electric incurred over the last five years, some Councilmembers and residents expressed a desire to have a Citywide investigation performed. The Administrative Services Director stated that no other issues were identified in his

Citywide analysis, but that he and the City Manager were agreeable to a Citywide investigation into treasury functions (cash in particular). The Administrative Services Director obtained Council approval to issue a Request for Proposals (RFP) for this investigation. Staff also recommended that the evaluation of submissions be conducted by Finance Directors from other area local governments in the Pass Area and Coachella Valley. Council approved and those Finance Directors and the elected City Treasurer for the City of Banning conducted the evaluation of the six proposals submitted for consideration.

JUSTIFICATION:

When the final results of the forensic investigation of the electric utility were presented to Council on February 27, 2024, several members of the public expressed concern that the City Council had authorized \$153,000 for the investigation that had not identified much more than the Finance Director (Administrative Services Director) presented to Council and the public on August 15, 2023.

Staff is aware that the cost of a Citywide forensic investigation of cash could run as much as four times as much as the electric utility, depending on the number of Phases approved by Council. If no other areas of concern are identified the cost could be as low as the electric investigation.

Staff has scheduled interviews with the top three evaluated firms for this meeting. The scoring results of all firms are below. Interviews are scheduled for Marsh Minick, P.C., FORVIS, LLP, and BDO USA, P.C.

Evaluation Criteria	
Criteria	Weight (Points)
Qualifications	25 (25% of Total)
Pricing	25 (25% of Total)
Experience (Projects of similar size and scope)	25 (25% of Total)
Professional References	10 (10% of Total)
Approach and Methodology	10 (10% of Total)
Value Added Services	5 (5% of Total)

Aggregate Scores Summary							
Vendor	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Evaluator 5	Evaluator 6	Total Score (Max Score 100)
Marsh Minick, P.C.	89	84	95	94	86	83	88.5
FORVIS, LLP	87	85	89	90	89	86	87.67
BDO USA, P.C.	85	86	91	89	97	59	84.5
GHJ Advisors	83	87	81.5	81	99	62	82.25

McKenzie Forensic Auditors, Inc.	72	80	77	87	90	58	77.33
Engel & Engel, LLP	42.5	63	45	78	75	34	56.25
Vendor Scores By Evaluation Criteria							
Vendor	Qualifications (25 Points)	Pricing (25 Points)	Experience (25 Points)	Professional References (10 Points)	Approach and Methodology (10 Points)	Value Added Services (5 Points)	Total Score (Max Score 100)
Marsh Minick, P.C.	24.2	19.5	24.3	8.3	8.7	3.5	88.5
FORVIS, LLP	24.2	16.3	24.2	9.7	9.2	4.2	87.67
BDO USA, P.C.	20.7	20	21.5	9	8.5	4.8	84.5
GHJ Advisors	23.3	17.9	20.3	8.7	7.7	4.3	82.25
McKenzie Forensic Auditors, Inc.	21.5	22	18.7	6.7	6.7	1.8	77.33
Engel & Engel, LLP	19	7.7	14.5	7.2	6.8	1.1	56.25

FISCAL IMPACT:

- If no firm is chosen and staff is directed to perform a deeper dive there will be no fiscal impact except staff time.
- Phase 1 services will likely cost between \$50,000 to \$150,000.
- If a Phase 2 is contracted that will likely cost four to six times as much as Phase 1.
- Any additional Phases would be at the direction of Council and would be priced at that time if requested.

ALTERNATIVES:

- Take no action to complete the Citywide Forensic Investigation and task staff with additional research and presentation to Council.
- Select from the three firms interviewing to enter into a contract for a forensic investigation of Treasury functions with a focus on cash. (Staff will negotiate the agreement with the selected firm and bring to Council at the earliest Regular City Council Meeting possible.)
- Provide alternative direction to staff.

ATTACHMENTS:

1. [Marsh_Minick_Proposal.pdf](#)

2. [FORVIS_Proposal.pdf](#)
3. [BDO_USA_Proposal.pdf](#)

This Proposal is in response to the Request for Proposals ("RFP-23-040") by the City of Banning ("City") for Forensic Accounting and Investigation Services. This Proposal was prepared by Marsh Minick, P.C. a firm that specializes in forensic auditing ("Marsh Minick").

Scope and Work Summary Marsh Minick understands that the City is needing forensic audit services on the financial activity of the City's Treasury functions starting January 1, 2018 to June 30, 2023. The forensic audit proposal includes the following work:

- Phase 1: Examination of the City's Treasury functions, including primary revenue collection, to assess whether there are conditions and predicate to perform investigative services (Phase 2)
- Phase 2: Investigative services may be warranted for potential instances of mismanagement, fraud, waste, abuse, or other serious violation, depending on the outcome of (Phase 1) Examination of the City's Treasury Functions.
- Deliverables for the forensic audit will include and an immediate an oral briefing of findings and observations to the City Manager, City Council, and City Legal Counsel. Additionally, a fact-based report of findings that includes quantification of harm and evidence that substantiate the findings and observations. Recommendations will also be provided for improvements.

Best and Most Qualified Firm Marsh Minick is a specialized audit firm that solely practices forensic auditing and investigation service engagements. Our clients are government and publically funded agencies, including cities and other entities that are recipients of public funding. Marsh Minick's forensic audit team is highly qualified, capable and skilled in this field with over 20 years of experience. Forensic auditors each have advanced master's degrees in financial forensic, bachelor's degrees in accounting and management, and specialized credentials as fraud examiners and financial crime investigators (CFE and CFCI).

The firm's Principal owners personally render services. Marsh Minick provides nationwide services. We are a certified women owned small business. Marsh Minick are willing to enter into a contract under the terms and conditions prescribed by the RFP and sample agreement.

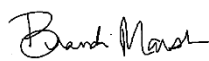
Your Point of Contact for Services is: Melisa Frick Minick, MS, CFE, CFCI

Email: melissa@marshminick.com, Phone: (971) 266-1846 in Pacific Standard Time

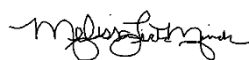
We entrust you will find this proposal informative. Thank you for your time and consideration.

Sincerely,

Marsh Minick, P.C.



Brand Marsh



Melissa Frick Minick



VB-A: Proposal for Forensic Accounting and Investigation Services

Marsh Minick specializes in conducting forensic auditing and investigation services. Our approach is to be independent fraud examiners and financial crime investigators. We rely on fact-based evidence gathered during the forensic audit for the resulting findings. Marsh Minick conducts risk-based forensic audits, which will encompass all of the City's Treasury financial activities. The examination will target areas of concern where the greatest likelihood of risk and magnitude of problems may exist. Targeted risk-based forensic auditing is the superior approach as it focuses scrutiny into the most likely problem areas, delves into problem areas most worthy of forensic audit attention, and also maximizes efforts to achieve objectives.

Objectives and Scope of Work

The objectives of the forensic accounting and investigation services are to:

- Phase 1: Examination of the City's Treasury functions, including primary revenue collection, to assess whether there are conditions and predicate to perform investigative services (Phase 2)
 - General review the City's revenue transactions, deposits, financial system (NaviLine by Central Square) and banking activity for all Departments, Utility Authority, Successor to Former RDA, and other fiduciary and custodial funds
 - cursory examination all Treasury financial activity for receiving, investing, and disbursing monies in accordance with state statutes
 - Basic assessment of information to substantiate transactions that have occurred in the City's Funds, such records or data about revenue deposited, collection logs and receipts, purchase orders, contracts, invoices, disbursements, approvals and authorizations, and other information that is identified
 - Preview governance documentation such as City Resolutions and Ordinances, policies, procedures, meeting agendas, meeting minutes and notes
 - Collection of other pertinent information for financials as warranted and identified during the examination, such as computerized files, emails, and formal memorandums
 - Performance of information gathering interviews with individuals who processed and oversaw financial controls in the City's Treasury, and other knowledgeable individuals such as figureheads, department heads, and subject-matter experts at the City
- Phase 2: Investigative services may be warranted for potential instances of mismanagement, fraud, waste, abuse, or other serious violation, depending on the outcome of (Phase 1) Examination of the City's Treasury Functions.
 - In-depth review of the City's financial activity and transactions that appear to have irregularities or inconsistencies
 - Risk-based examination that is focused on the areas of greatest risk and likelihood of potential wrongdoing to identify whether incidents exist of a particular scheme that may have caused harm
 - Forensic testing of transactions and information through investigative probing of the



- area(s) of risk to reveal corroborating and consistency in results
 - Collection of additional pertinent information for financials as needed to support examination and forensic testing efforts, which will be based on the areas of risk
 - Performance of forensic and admission seeking interviews with individuals who may have direct first-hand knowledge or information about potential wrongdoing
- Deliverable for the forensic audit will include:
 - An immediate an oral briefing of findings and observations to the City Manager, City Council, and City Legal Counsel
 - A fact-based report of findings that includes quantification of harm and evidence that substantiate the findings and observations
 - Consulting and recommendations for improvement will be provided in an effort to prevent future reoccurring instances of problems
 - Availability for follow-up actions such as court testimony or law enforcement support

Predicate

The predicate for the forensic accounting and investigative services will be discussed with the City during the introductory meeting. Predicate for the forensic examination will involve a potential risk of financial loss or mishandling from known or suspected incidents or allegations of possible wrongdoing. Predicate can include situations where there is financial uncertainty, such as financial activity that does not seem to make sense; where there may be situations of financial reports out of balance, money is misplaced or missing, financials not fully or properly transacted, concerns about compliance, or other unusual activity or abnormality that causes suspicion.

Scope Period

The scope period is January 1, 2018 to June 30, 2023.

Forensic Audit Approach: Phases 1 and 2

The accounting and investigative approach from beginning to conclusion are as follows:

Planning & Information Gathering

Planning and introductory meetings to assess concerns, risks, and collect initial data readily available about the predicate and scope of work services

Request, obtain, collect, and review information from the City, including records, files, and data that is in paper-based and electronic-based formats; examples are financial system export, ledgers, and emails

Conduct interviews with individuals that may have first-hand information, including former and current City officials, employees, or contractors, and collect any information they may have additionally



Perform investigative inquiries in special access and public databases and online websites (such as the internet archive and social media posts); obtain information from other public entities as needed (such as FOIA); and locate other information retained external to the City (such as vendor and contractor files)

Assessment, Analysis and Testing

* May continue interviewing and information gathering as needed to complete analysis and tests

Review governing, compliance, and risk related documents that require adherence, including City Resolutions, Ordinances, policies, procedures, agreements and contracts

Review financial and Fund data, accounts, ledgers, transactions, reports, management and operational records, and other identified supporting communications, information, data, and documentation that is generated during the handling of financials at the City

Perform forensic analysis and evidence-based testing of the totality of information gathered to identify instances of errors, possible non-compliance, and if there are any suspicious transactions that may be fraud, waste, abuse, misconduct, other wrongdoing, or mismanagement

Deliverables

Report of Findings that is comprehensive about the major incidents or problem areas, calculation of the dollar amount of financial impacts, quantification and extent of the findings, and fact-based evidence

Recommendations for improvement based on problem incidents and areas from the report of findings

Report of Findings and Recommendations will be provided on a USB drive and will include a digital recorded video of an oral summary of the results

Verbal debrief or summary of the Report of Findings through a live virtual or in person meeting, or present in a City Council Meeting

Approach: Planning and Information Gathering

Marsh Minick will begin the forensic audit with an introductory meeting held with the City contact person(s) and other key individuals. The agenda for the introductory meetings will include a discussion about predicate, specific goals, areas of interest and concern, review of the approach and timeline, and any other important information at the onset of the forensic audit.

Marsh Minick will perform onsite information gathering at the City offices and information gathering can be performed from Marsh Minick offices and done remotely. How the information is gathered, whether onsite or remotely, will be based upon the availability and condition of records, as well as City staff effort and availability capacities. Marsh Minick will provide an information request checklist to begin gathering documents, records, and data. The anticipated information to be requested and collected on the checklist will be necessary to perform a lookback at financial system Funds and accounts, statements, financial records, meetings minutes, and other relevant documentation that occurred in the scope period.



Additionally, governance documentation will be requested such as applicable Resolutions and Ordinances, along with other pertinent information like contracts.

Marsh Minick will perform interviews with select individuals that have first-hand information that is relevant to the forensic audit, which may include current and former Board members, Officials, Department heads, employees, individuals responsible for financial management, contractors, and/or individuals with relevant information or allegations. Additional information will be gathered as needed from websites, such as the City website, public databases of information, or investigative queries.

Approach: Assessment, Analysis, and Testing

Marsh Minick will review and analyze the information gathered and perform forensic audit testing that is specific and customized for the City's situation. Forensic analysis and tests will reveal the validity and accuracy of financial records, and allow Marsh Minick to examine transactions for the risk of financial misconduct or fraud. There will also be an evaluation of governance, compliance, and risk practices that will reveal the root cause and reason behind the financial issues.

During the Forensic Examination phase, Marsh Minick will review and analyze the information gathered and perform forensic audit testing that is specific and customized for the City's situation. Forensic analysis and tests will be planned and devised specifically to examine fraud risks, allegations, complaints, grievances, and problem areas. The forensic analysis and tests will be fact-based on the evidence, and results will reveal the validity and accuracy of financials. Marsh Minick will investigate financial activity that may be caused by noncompliance, mismanagement, misconduct, waste, abuse or fraud. The evidence examined will reveal the causes of the problem(s), and the forensic analysis and testing will quantify the magnitude and impact of any suspicious activity detected. Forensic examination may include, but is not limited to:

- Perform risk-based forensic testing where the greatest likelihood of fraud risk is expected.
- Perform tests with compliance of contractual obligations and agreements to financial transactions.
- Perform tests on Fund transactions and financial records, including, revenue and disbursements, bank and financial institution information.
- Perform tests based on the abnormalities, incidents, and allegations that predicated the forensic audit, such as accusations identified during information gathering.

Approach: Deliverables

Marsh Minick will prepare an extensive concluding fact-based report that details the findings that forensic auditors have determined are reportable and will include supporting evidence within the report. The findings will be quantified to reveal the extent of problems, such as frequency of problem instances, and calculation financial impact. Additionally, the findings will reveal the causes of the problems and identify individuals and organizations that appeared to be the wrongdoers. Marsh Minick delivers the findings report electronically, and will not print report(s) unless there is a specific request by the City for printing/shipping. Recommendations, verbal summary or debrief are provided.



Communications

There will be a status report provided by Marsh Minick every two weeks to communicate the audit's progress. The status report will detail progress and upcoming activities, preliminary information and findings when possible, and project financial updates. The status report will go to the forensic audit point of contact(s), and may also include a telephone or virtual meeting as needed.

Marsh Minick is cognizant that a forensic audit may feel like an annoyance; therefore, the audit team commits to working independently with minimal disruptions as possible. If an issue arises, Marsh Minick will immediately reach out to the City and make suggestions for resolution.

Timeline

Marsh Minick has prepared a project schedule to complete the work services.

Phases	January 2024	February 2024	March 2024	April 2024	May 2024
<i>Phase 1</i>					
<i>Phase 2</i>					
<i>Deliverables</i>					



VB-B to E: Company Information, Personnel, Disclosure, Experience & Reference

Firm Profile

Marsh Minick, P.C. specializes in forensic auditing, internal control evaluations, risk and compliance assessments, and financial investigation consulting for governmental and publicly funded agencies.

Marsh Minick has one office and is domiciled in Portland, Oregon and provides nationwide services. Work is performed from our office, and at the client's worksite when needed, which will be determined at the onset of the engagement. We are an Oregon registered women business enterprise, emerging small business, and disadvantaged business enterprise (COBID #10212) company; additionally we are certified by the federal government for being a women-owned small business.

About Marsh Minick, P.C.

Forensic auditing services are personally rendered and delivered by the firm's principal owners, Brandi Marsh and Melissa Frick Minick. Resumes are included at the conclusion of this proposal.

The auditors were professionally trained in this field together and have been working as a team for 20 years' (since 2003) performing financial forensics. The firm, Marsh Minick, P.C., was formed in 2013 and the practice was established in 2015. Marsh Minick are an effective auditing team because of working so closely in partnership for so long, and are skilled forensic auditors with a track record of completing highly complex forensic audit services.

The principal owners are the sole practitioners at Marsh Minick with the support of one administrative professional. The practitioners have earned the following certifications:

- Association of Certified Fraud Examiners (CFE)
- International Association of Financial Crime Investigators (CFCI)
- Association of Certified Anti-Money Laundering Specialists (CAMS)
- Department of Justice, Federal Bureau of Investigations (FBI) Citizens Academy





The principal owners at Marsh Minick each hold educational Degrees in the following:

Brandi Marsh, MS, CAMS, CFE, CFCI

- Bachelor's in Accounting, Eastern Oregon University, La Grande, OR
- Master's in Fraud and Forensics (GPA 4.0), Carlow University, Pittsburgh, PA

Melissa Frick Minick, MS, CFE, CFCI

- Bachelor's in Business, Eastern Oregon University, La Grande, OR
- Master's in Fraud and Forensics (GPA 3.97), Carlow University, Pittsburgh, PA

Copies of degrees and transcripts are available upon request.

Firm and Personnel Experiences

Marsh Minick is experienced with conducting forensic auditing, risk and compliance services for government entities and publicly-funded organizations. Marsh Minick has performed forensic audits in the past under high pressure and scrutiny by the public, and which affects public programs, officials and employees. We have experience forensic auditing when there is financial mismanagement, waste, abuse, and financial crimes that have occurred. Marsh Minick's forensic audits always start with a predicate, such as situations where amounts of funds are unknown, uncertain, lacking transparency, missing, unaccounted for, wrongly tracked, out of balance, underperforming, or allegations of suspicious activity when money is misused or stolen.



Audits previously conducted by Marsh Minick normally involve complex financials that require forensic review, analysis, testing, verification, reconstruction and recalculation of transactions, accounts, statements, and other financial documentation. In many cases, Marsh Minick must utilize investigative techniques to obtain, locate and recover lost and destroyed records, and originals of manipulated financial documentation. Marsh Minick evaluates governance, compliance, risk and controls for functionality and effectiveness as part of forensic audits, which provides the root cause and reasons for how the situation came about leading to the examination. Typically Marsh Minick discovers during audits that there are conflicts among parties, such as oversight bodies, public officials and employees that includes disagreements, grievances, allegations, and political motivations, which Marsh Minick works through those obstacles to get all tasks completed.

Throughout forensic audits we have conducted in the past, Marsh Minick communicates with the contact person and provides a status report every-two-weeks that details progress and upcoming activities, preliminary information and findings when possible, and project financial updates.

Deliverables are always a fact-based report of findings that contains all auditing procedures performed, forensic testing and analysis results, and reconstruction of critical financials. Additional deliverables are recommendations for improvement that are meaningful and practical to implement, and a video containing an oral summary of the results and deliverables.

List of Former Clients and Samples of Prior Audit Reports

Marsh Minick's prior work services have been trusted by all forms of government entities and agencies, and organizations receiving public-funding. To demonstrate Marsh Minick's firm knowledge and experience, a select list of former and current clients is provided, along with a description of the work performed. Marsh Minick has completed similar work services in the past as being proposed for the City, including having performed services pertaining to the following highlighted in the client list:

- Forensic auditing
- Examinations and evaluations of documents, records, and data
- Financial forensics of funds, income, grants and endowments
- Reconstruction and validation of financials and accounting funds
- Governance, risk, compliance, and control assessments
- Services previously performed in similar scope or relatable topic

Samples of reports and other deliverable materials previously completed by Marsh Minick have been published online by past governmental clients and/or news media. Most of Marsh Minick's concluding reports are thorough often approximately 100 pages in length, encompassing the audit procedures, analysis and test findings, reconstruction of financials, and recommendations. Marsh Minick requests the City review the online samples of past work provided in the links below as part of the evaluation of our qualifications. Two references are provided below. If additional references are needed, please feel free to contact Marsh Minick.



Type of Client	Examples of Past and Present Forensic and Audit Work Services Performed
Housing Authorities	Washoe Housing Authority - Washoe Tribe of Nevada and California Forensic Audit of the Housing Authority funds from federal block grants, HUD grants, and capital investment project funds endowed for construction projects and maintenance of Tribal community residential housing. Forensic testing was complex because of the multitude of grant drawdowns and regulatory compliance and legal stipulations for financial expenditures. There was a risk and controls assessment performed as part of the examination. Findings were that \$5.4 to \$6.6 million dollars in funding was mismanaged, which should have gone towards public housing development and construction. There was abuse of power and nepotism pertaining to construction contracts to build public housing. Findings were delivered to the Board of the Housing Authority, as well as Tribal Council for the Tribal Community. Improvement after the forensic audit was transparency to the community, and Tribal fulfillment of regulatory requirements for accepting and spending federal money.
	Hazlehurst Housing Authority for the City of Hazlehurst, Mississippi Forensic Audit of the public Housing Authority financials including rent receipts from tenants, funds endowed by City, and HUD grants. Significant and critical financial records and documents had been intentionally manipulated and destroyed to cover-up stealing by the Executive Director. Forensic audit required locating and reconstructing financial records in alternative methods, such as contacting vendors and credit card companies for statements and invoices, forcing a password reset on the Executive Director's computer files and emails, obtaining financial records previously provided to other auditors and regulatory agencies. The financial impact discovered by the forensic audit findings was \$748,500 had been mismanaged and also stolen through embezzlement by the Executive Director for personal purchases. The U.S. HUD and DOJ convicted the Executive Director in federal court for stealing over \$50,000. . News about the Criminal Conviction by the US DOJ and HUD: https://www.justice.gov/usao-sdms/pr/former-housing-authority-director-pleads-guilty-stealing-federal-funds
	Cascadia Housing, Inc. (Cascadia Behavioral Healthcare Housing Resources), Portland, Oregon Forensic Audit of the public Housing and Properties financials after fraudulent transactions had been discovered in their Yardi Account, which was an account only to be used for depositing rent payments from tenants of the public housing units. Performed information gathering of bank account records and financial system data, along with examination of transactions flagged as fraudulent. Conducted interviews with Housing staff and management familiar with the public housing unit and financial processes, including the Agency's Financial Controller of funds. Identified that one of the tenants residing in the public housing unit has used the account's routing and account number to make fraudulent purchases online for precious metals and jewelry (gold and diamonds). Prepared a written report for the Housing management to report the incident to HUD and state and local grant programs administrators related to the financial losses and transactions, as well as internal control conditions that led to the delayed identification of the fraud, and recommendations for improvement. Coordinated the Housing Authority police report and investigation by Portland Police Financial Crimes Unit.
City Governments	City of Portland's Office of Community and Civic Life Forensic Audit of a Neighborhood District that Marsh Minick discovered had mismanaged \$179k of public money granted by the City and through public endowments for residential and



	commercial community services. The publicly funded Neighborhood District also had federal Paycheck Payment Protection Act (PPP) funds received as part of the COVID relief and pandemic. Forensic audit included examination of financial records, board records about meetings, interviews with board and community members, and a financial controls evaluation of the District. The audit revealed fraud had occurred, and there was continuous problems administrating public funding services as obligated and non-compliance. Findings led to the City Council and Commissioner in charge of Civic Life to redirect public funding for more effective community services and programs. Report to the City: https://www.opb.org/pdf/Forensic%20Audit%20of%20SWNI_1605822641636.pdf
	City of Pontiac, Michigan (Reference #1) Forensic Audit of the entire citywide financials following allegations of wrongdoing by the former Mayor, Finance Director, and Executive Office staff. After a thorough examination the result was \$1.627 million impact with evidence of apparent fraudulent use of grant funds, including personal travel, and abuse of power over financials, such as mishandling of contracts, improper invoicing and payments to contractors, and campaign finance violations of law. There was willful non-compliance of contracts and misconduct by the former Mayor, and the Finance Director's termination followed the forensic audit results. Report to the City: https://www.theoaklandpress.com/wp-content/uploads/2022/08/Forensic-Audit-Findings-Report-and-Recommendations-City-of-Pontiac-Reduced-1.pdf City Council Video of Forensic Audit Results on 8-4-22 (segment starts at 29 minutes): https://youtu.be/YpkpatFq2no
	City of Seattle's Treasury Department Fraud Risk Assessment and Internal Controls Evaluation after cash was missing from the City's Treasury vault and cash handling procedures were not being followed. Performed onsite inspection and review of governance and processes. Recommended multiple improvements to the City's Treasury operations by improving measures and practices to secure public money.
	Teacher's Retirement System of the City of New York Fraud Risk Assessment and Internal Controls Evaluation of the public pension and retirement funds from City public school and university teachers. Performed surveys and interviews, and determined risk likelihood, significance, and control measures. Recommended improvements to the City's processes, revised policies and procedures, and delivered training about risk and compliance matters to City employees administrating pension and retirement funds.
County Governments	Pulaski County Court for Yorkwood Recreational District, Arkansas Forensic Audit ordered by the County Court of a publicly funded community facility in Yorkwood Recreational District. The pool, pool house, tennis court, playground equipment, and local park had been in disrepair and not operable. Findings were that over \$50,000 in publicly endowed funds were supposed to be expended on a capital construction project to fix and rebuild the facilities, but the District's Board had hired and paid non-licensed construction contractors who stole the money and never performed construction work on the facilities. A Board member had been also discovered to have been embezzling funds for "mowing" and other community



	services that they did not actually perform at the facility. Fulfilled the court order by a judge in the County for public transparency and community awareness of the District's financial situation as a result of the financial mismanagement and fraud losses.
	Karnes County Judge, California (Reference #2) Forensic Audit of the financials for all County offices, which were being handled by the County Treasurer and County Auditor's Offices. The examination included highly complex financial reconstruction and recalculation of numerous county funds and investments, including oil and gas. Findings were that \$39 million of County funds and investments had been mismanaged, compliance and risk controls were not functional. Improved transparency of financial affairs, and provided recommendations and guidance for how to remediate issues.
	Saline County Board, Illinois Forensic Audit of County Clerk and Recorder's Office regarding financial mismanagement of public funds from County income from services and taxes. Forensic audit included a risk assessment. Findings included misappropriation of all County funds. There was highly complex taxation, fund, and financial movements that was examined as part of this audit. Improved transparency for financial affairs at the County. Report to the County Board: https://thesouthern.com/view-the-full-forensic-audit-of-saline-county-clerks-office/pdf_ea6de65e-2f06-53ab-88bd-61e775356bec.html
State Government	Oregon Secretary of State's Audit Division Fraud Investigation of State's Business Energy Tax Credit Program, which was administrated by the Oregon Department of Energy. A highly complex examination to validate, verify, and reconstruct financials for 4,000 renewable energy projects in a \$2.4 billion dollar tax credit program. Conducted interviews of over 40 individuals. Findings were that \$347 million dollars in projects that had concerning financials. Recommendations were implemented by the State in phases. Additionally, there was a criminal conviction for fraud and conspiracy. Report to the Secretary of State: http://media.oregonlive.com/politics_impact/other/20160907165604113[5].pdf Report to the Department of Justice: http://media.oregonlive.com/business_impact/other/ODOJ%20report.pdf News about the Criminal Conviction: https://www.justice.gov/usao-or/pr/seattle-man-pleads-guilty-fraud-conspiracy-involving-former-oregon-department-energy
Federal Government	U.S. Department of the Treasury – Office of the Comptroller of Currency Anti-Money Laundering Bank Examinations of financial institutions nationwide to oversee compliance with financial regulations. Engage with Bank executives and senior managers to obtain financial documentation and perform interviews. Conduct risk and compliance testing, and other financial forensics necessary to make findings. Provide the US Treasury Examination Supervisor in Charge with a written summary of findings. Meet with Examination team and Bank executives and senior management as needed to explain results of findings.



References

Prior Experience Reference #1	
Name	City of Pontiac, Michigan Mr. Khalfani Stephens, Deputy Mayor kstephens@pontiac.mi.us
Address	Pontiac City Hall 47450 Woodward Ave, Pontiac, MI 48342
Time period services provided	May 2022 – August 2022

Prior Experience Reference #2	
Company Name	Karnes County, California Honorable Judge Wade Hedtke wade.hedtke@co.karnes.CA.us
Company Address	101 North Panna Maria Ave, Suite #101, Karnes City, CA 78118
Time period services provided	October 2019 – February 2020

Standards

Marsh Minick will perform the audits aligned to Generally Accepted Government Auditing Standards (GAGAS) for forensic auditing. Additionally, Marsh Minick will follow the Association of Certified Fraud Examination (ACFE) methodology for forensic examination. Marsh Minick will first begin by gathering and examining general information, and then narrow down focus to risk and problem areas by gathering more specific information to scrutinize through examination. This forensic audit examination methodology is based on empirical science of observation and experimentation of evidence. Marsh Minick will perform fact-checking of evidence that is forensically examined, such as validate the same document from more than one source, or by repeatedly probing a problem area to experiment whether the results are consistently drawn to form a conclusion (finding). When forensic auditors determine it is sensible, reasonable, and possible, Marsh Minick will perform statistically significant forensic testing of data to achieve 90% to 98% confidence levels, with a 2-10% margin of error.

Disclosure: Conflicts of Interest – Independence Statement

Marsh Minick is independent firm with no business or personal dealings in the City of Banning or with the State of California; therefore, Marsh Minick is free from any conflicts of interest and will maintain independence free from any influence and conflicts aligned with government audit standards.

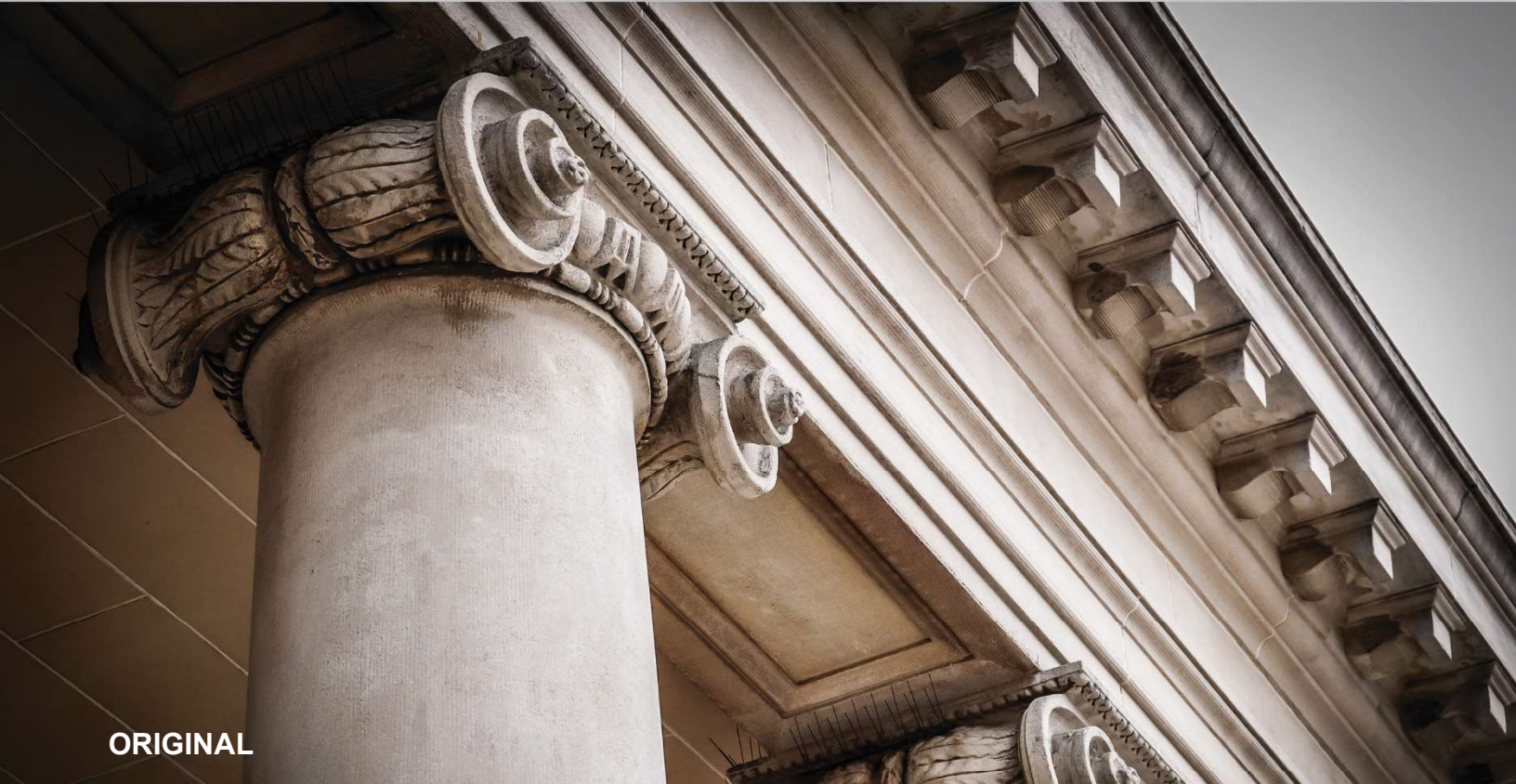


VC: Price Proposal for Services Outlined

The all-inclusive maximum price of all indirect and direct costs is \$304,000, discounted from the \$368,000 calculated on the provided Pricing Form. The breakdown of those costs is as follows:

- Marsh Minick's firm hourly rates are \$250 for forensic auditing services and \$75 for administrative services.
- Phase 1: The anticipated effort is expected to be upwards of 960 forensic auditing hours and 480 administrative hours.
- Phase 2: The anticipated effort is expected to be upwards of 320 forensic auditing hours and 160 administrative hours.
- There will be two (2) Forensic Auditors/Investigators and one (1) Administrative Assistant assigned full-time and dedicated for all four (4) months of services to the City
- Investigative database or public information queries
- Printing and shipping (only if requested by the City)
- USB, CD, or external storage devices
- Travel necessary to fulfill services, include transportation, lodging, mileage, meals and incidentals (M&I) that are aligned with GS&A and IRS rates for location
- Any other expenses and costs that arise to fulfill services
- All services and costs are billed monthly due date net 30 days
- Any consulting services following the forensic audit for law enforcement or court support would be billed following the firms rates and pricing stated above





ORIGINAL

Submitted by FORVIS, LLP

A proposal for:

City of Banning

Primary Contact

Rand Gambrell, CPA, ABV, CFE, CFF
Managing Director
Phone: 303.837.3594
Email: rand.gambrell@forvis.com

Secondary Contact

Christie Clements, CISA[®], CRMA[®]
Managing Director
Phone: 317.383.4037
Email: christie.clements@forvis.com

V.A Cover Letter



77 West University Drive / Mesa, AZ 85201

P 480.834.8030 / F 480.644.9877

forvis.com

November 28, 2023

Ms. Barbara Mason
Purchasing Manager
City of Banning
99 E. Ramsey Street
Banning, CA 92220

Dear Ms. Mason:

City of Banning (City) is no stranger to the complex challenges that come with serving the public. Constant regulatory updates and budgetary constraints are just a few of the issues the City has to address as you work to satisfy demand for your services and citizen needs. Navigating this environment can be difficult without a professional services firm with extensive public sector experience to provide helpful guidance and tools you require. **FORVIS** is here to help.

We have reviewed all elements of the RFP and we understand the City's request for forensic accounting and investigative services related to all activity of the City's Treasury functions and stand ready to proceed according to your 4 month timeline.

FORVIS, a new firm combining two established track records of specialized accounting and consulting experience, can provide the City with the service-specific insight and knowledge you deserve. While forensic accounting and investigation services often look alike on paper, the quality and efficiency of the process, timing, and reporting can vary among providers. To the City, FORVIS forensic accounting services can mean the difference between a check-the-box approach and a service process tailored to your specific needs that delivers additional value and proactive advice. Your proposed engagement team has experience working with municipalities and knows they require an understanding of a number of accounting and reporting nuances. We have the experience to help you navigate a complex forensic accounting and investigative project.

Proposed Services for the City

The City has requested information and a fee quote for the following professional services:

- Forensic investigation and accounting procedures as necessary to identify, investigate, trace, examine, and quantify all identified abnormal financial activity relating to receipts or disbursements, including tax receipts and distributions for the period January 1, 2018, through June 30, 2023.

Please see **A. Statement of Understanding and Approach** for detailed explanations of our financial accounting and related service approaches.

The FORVIS Difference

Being a top 10 public accounting and professional firm matters, but more so does our commitment to client service and a forward-thinking mindset focused on innovation. We prioritize investing in new technologies to help clients navigate forensic accounting and assessment developments, and we foster a dynamic culture of leadership and professional development. This means the City can work with a forensic investigation and accounting-focused team driven by our forward vision to help you succeed today while helping the City prepare for the future.

Here's what sets us apart:

- We will assemble an integrated team of forensic and internal audit/control specialists to address the unique risks and requirements of the City. We will combine our forensic, data analytics, internal control, and public sector experience into a customized approach to your assessment.
- FORVIS' internal control, forensics, and data analytics team has extensive experience working with state and local governments, assisting our clients in identifying internal control weaknesses and helping detect transactions indicative of potential fraud and abuse. FORVIS takes a proactive approach, assisting clients in strengthening internal deficiencies to help reduce fraud risks.
- FORVIS' integrated team will include professionals with significant litigation support and testimony experience, providing a seamless transition into dispute consulting should fraudulent transactions and activity be identified.

With a forward vision that drives our Unmatched Client Experiences, FORVIS is driven by a commitment to anticipate what's ahead so that our clients are ready to thrive when it arrives.

Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, FORVIS agrees to enter into a mutually agreed upon contract with the City, for the engagement.

We believe our proposal will help you select our firm for efficient and objective services delivered by experienced professionals. FORVIS' single point of contact for the City is Rand Gambrell. Please refer to the signature below for Mr. Gambrell's contact information.

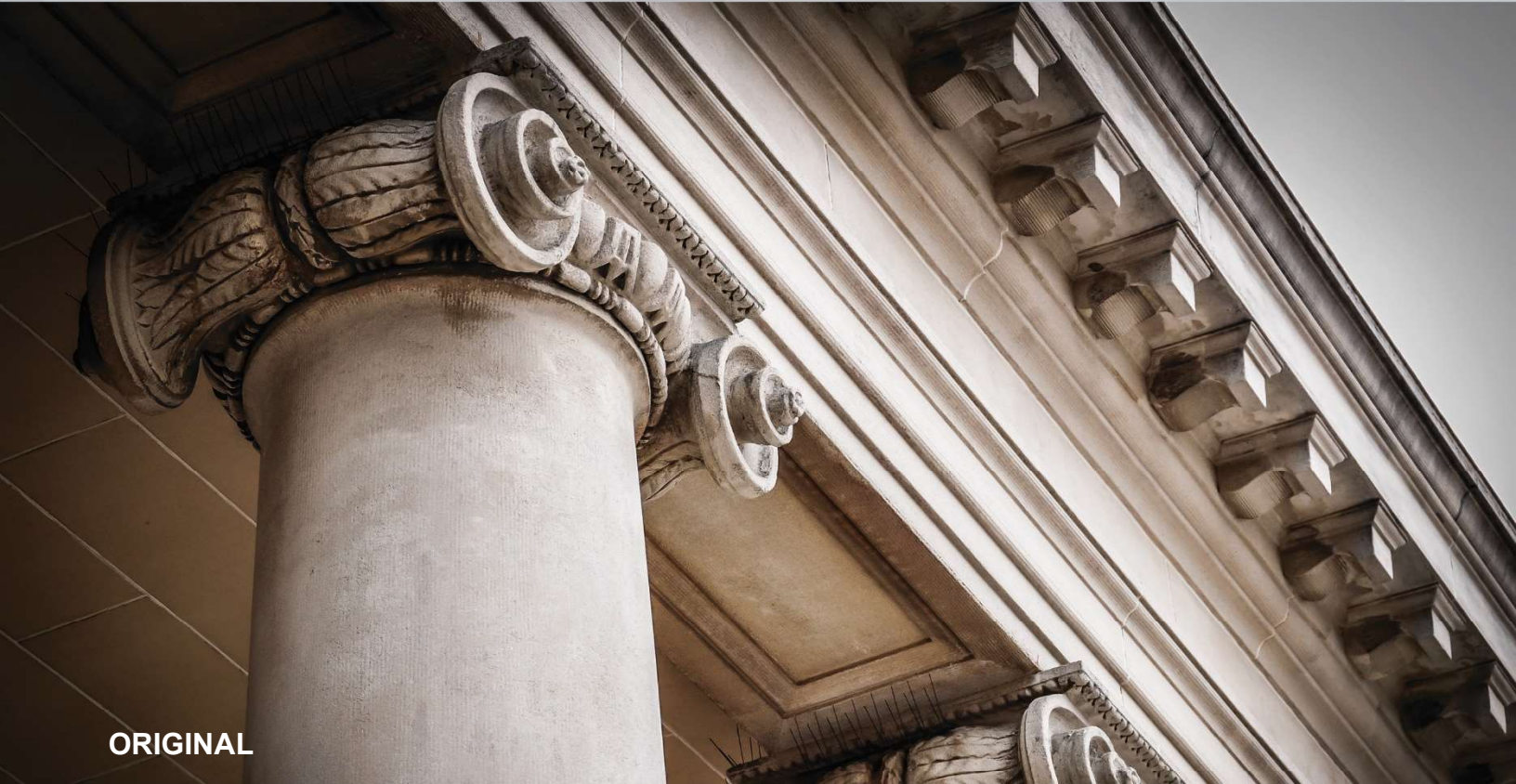
Respectfully Presented,



Rand Gambrell, CPA, ABV, CFE, CFF
Managing Director
303.837.3594
rand.gambrell@forvis.com



Christie Clements, CISA®, CRMA®
Managing Director
317.383.4037
christie.clements@forvis.com



ORIGINAL

Submitted by FORVIS, LLP

A proposal for:

City of Banning

Primary Contact

Rand Gambrell, CPA, ABV, CFE, CFF
Managing Director
Phone: 303.837.3594
Email: rand.gambrell@forvis.com

Secondary Contact

Christie Clements, CISA[®], CRMA[®]
Managing Director
Phone: 317.383.4037
Email: christie.clements@forvis.com

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About FORVIS 28

For your convenience, we have structured our proposal according to the requirements in your RFP. We believe our proposal will demonstrate our qualifications to serve the City.

INFORMATION CONTAINED IN FORVIS' RFP RESPONSE, WHICH IT ASSERTS AS CONFIDENTIAL, IS EITHER BUSINESS AND/OR PROPRIETARY TRADE SECRET INFORMATION NOT SUBJECT TO DISCLOSURE AS SET FORTH IN THE STATE OF CALIFORNIA PUBLIC RECORDS ACT. SUCH CONFIDENTIAL INFORMATION HAS INDEPENDENT ECONOMIC VALUE TO FORVIS, IS NOT REASONABLY ASCERTAINABLE BY THIRD PARTIES, AND IS THE SUBJECT OF REASONABLE EFFORTS BY FORVIS TO MAINTAIN ITS SECRECY AND/OR CONFIDENTIALITY. SUCH INFORMATION IN THIS PROPOSAL SHALL BE DESIGNATED WITH THE WORD "CONFIDENTIAL."

Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, the actual terms of our engagement will be documented in a separate letter to be signed by you and us. The information provided in this proposal is intended for informational purposes only and may not be copied, used, or modified, in whole or in part, without FORVIS' prior written approval. All information in this proposal is as of June 1, 2023, including projected statistics for FORVIS, unless otherwise noted.

V.B Proposal

A. Statement of Understanding and Approach

Implementation Plan

i. Method

Our forensic services are provided under the AICPA's Statement of Standards for Forensic Services. To ensure compliance, we have a standardized engagement review and approval system. Our forensic engagements are led by, and primarily staffed with, professionals holding their Certified Fraud Examiner and/or Certified in Financial Forensics credential. Our engagement leaders scope engagements based on functional areas to be analyzed and procedures responsive to common fraud schemes in the relevant areas. Given our history and success in implementing data analytics in our forensic services, data analytics will be utilized in the assessment phase to increase the effectiveness and efficiency of our procedures. **Staff analysis is reviewed by an experienced forensic professional to ensure procedures are thoroughly and correctly implemented and to determine if additional procedures are necessary given the results of the analysis.**

We will communicate with the City on a mutually agreed upon basis to keep relevant stakeholders informed of our findings. At the conclusion of our services, we will provide a written report with detailed exhibits to support our findings. All draft and final deliverables and reports are reviewed by the lead engagement executive on the project as well as a qualified and experienced forensic specialist not assigned to the project. This second reading is a quality control measure to determine that we have followed required standards and that our findings and recommendations are appropriately supported by our analysis, exhibits and documentation. Our reports and exhibits are routinely used in legal proceedings and would be the basis for any expert testimony we provide.

In addition, as part of our commitment to remaining at the forefront of the public sector, leaders across our national governmental practice meet regularly to discuss important developments, legislative updates, and challenges affecting governmental entities similar to the City. In addition, our public sector involvement has enabled us to establish connections with numerous regulatory and auditing organizations, including:

- American Institute of Certified Public Accountants (AICPA)
Governmental Audit Quality Center, as a member
- Government Finance Officers Association (GFOA)
- Governmental Accounting Standards Board (GASB)
- Office of Management and Budget (OMB)
- U.S. Government Accountability Office



We look forward to communicating fraud awareness and identification practices and forward-looking strategies to help the City thoughtfully consider the areas important to fulfilling your fiduciary responsibilities.

Approach to Understanding Internal Controls

Our assessment will start with understanding your operations and the design of your controls. This helps create an effective and efficient assessment process. When performing the first phase of the assessment, our focus will be on understanding various operations, the related controls, and performing other discovery procedures to develop and focus the approach of subsequent phases. During the discovery phase, we intend to identify and use several data sources to inform us of historical trends, data points, and potential operational issues.

Our first objective is to identify those resources that might advance our understanding without extra effort on the City's part. If you have documentation of your organizational structure, control environment (including technology), and the controls you have in place, along with any testing of those controls, we can often just read and supplement that information as needed. Even when clients have effective controls, their documentation is often limited, so additional effort may be required. When starting with limited documentation, we will:

- Perform a risk assessment of the Treasury function using financial information and other key reports to identify the relevant areas for documenting our understanding and related testing; while we want to understand your operations, it isn't necessary for us to document every control, particularly when a control is not related to a significant assessment area
- Ask you to complete industry-specific questionnaires that summarize your control structure; you might complete these forms directly or we may interview you to guide the process, or some combination of both; this process includes understanding your information system and related controls
- Identify who performs or can perform control activities; we can use industry-based assignment of duties forms to capture those assignments
- Assess and/or identify key controls you have in place for significant areas of risk; we will look for gaps in your design and potential overlapping assignments of duties that could or should be segregated
- Perform limited tests of design effectiveness of control activities; these tests will help us evaluate whether our documentation matches the activities occurring
- Consider extended tests of controls; in some cases, your information may be so complex or voluminous that extended control testing is needed to rely on your control and reduce other substantive testing
- Summarize recommendations for your consideration; for minor deficiencies or suggestions, we may discuss changes during our assessment; for others, including significant deficiencies or material weaknesses, we will prepare written recommendations for your consideration
- In periods following our this initial phase of our assessment, the majority of our understanding and documentation will be complete; going forward, we focus on changes that have occurred and continue performing tests of design effectiveness or expanded testing to evaluate whether control design has remained the same

ii. Methodology

FORVIS' forensic accounting project will be organized as follows:

1. Gathering background information and planning.
2. Identification and analysis of internal controls and related risks
3. Interviews
4. Forensic analysis, including data analytics and transaction testing
5. Reporting to the City and status updates

At the beginning of our engagement, and as part of the engagement planning process, we will meet with key City personnel to establish an engagement timeline. This timeline will identify the timing of status update meetings, as well as the timing for engagement deliverables (draft reports, final report, etc.).

Issues Management

FORVIS understands projects may encounter challenges as they progress, and we believe the key to resolving them is to identify potential issues as early as possible, so appropriate resources can be allocated. Our team will work with your senior management in resolving issues that could potentially affect the timeline of our analysis or budget. Note the City will be responsible for providing access to the information, data, and systems necessary to perform our analysis. In addition, the City

will designate an individual with the necessary authority to be our point of contact to assist with any access problems. In the event our access is hindered, we will stop work until the necessary access is provided.

Timeliness of Service & Quality of Deliverables

We are committed to providing our clients with high quality deliverables, as well as prompt responses to their requests, efficient resolution of issues and concerns, and on-time delivery based on agreed-upon completion schedules. We believe planning is key to performing work in an efficient and cost-effective manner. We perform effective project planning to help confirm our understanding of the scope, objectives of each task, and agreed-upon deliverables. We select staff with appropriate experience and training and prepare budgets to align with required tasks. The number of staff in the field at any time will be dependent on the procedures being performed. In addition, other than interviews which will be performed in-person, many of our forensic and analytical procedures can be performed remotely once the necessary data is provided. FORVIS will work with the City to coordinate on-site work to help reduce disruption to the City's operations.

iii. Project Management and Implementation Strategies

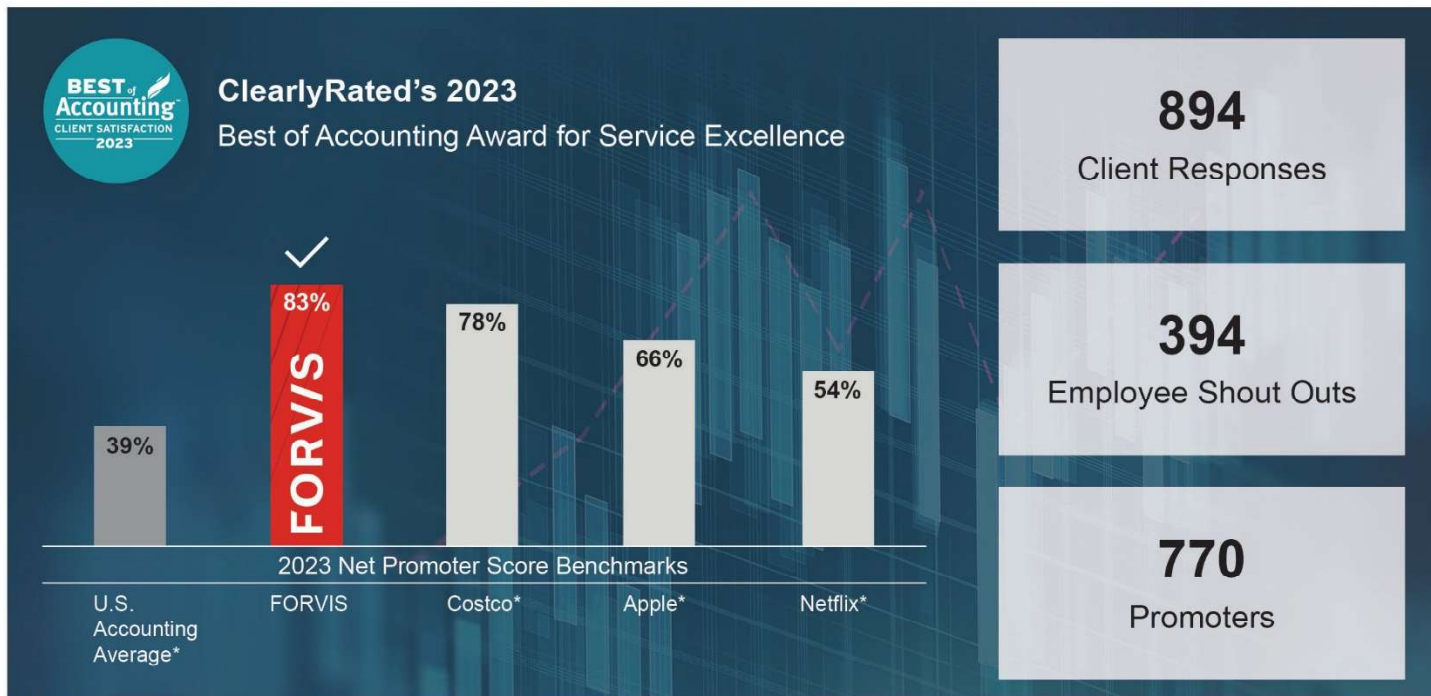
Our project management delivery methodology is aligned with key principles and processes from the Project Management Institute, Inc.'s (PMI), *Project Management Body of Knowledge*® (PMBOK®) Guide and standards. This framework is based on the concept of accountability and effective collaboration and uses management tools and quality control processes, such as work breakdown structure (WBS) templates, checklists, and performance metrics. We believe following these principles enables FORVIS to standardize our methodology and the approach we will apply to lines of effort.

Client Satisfaction

It may sound simplistic, but we believe the best way to know how we're doing is by simply asking our clients. We routinely seek input from our clients during our services through establishing a timeline of meetings to keep stakeholders apprised of our progress and findings, and to solicit feedback on our services and the manner in which we provide them. However, at FORVIS, client satisfaction expands well beyond individual engagement teams. Leaders of the firm routinely visit clients to monitor their satisfaction with our services, including managing partners, national industry partners and C-Suite executives. We also monitor client satisfaction by periodically issuing client satisfaction surveys, the results of which have generally been positive.

Unmatched Client Experience: Proven Results

Our firm is committed to delivering Unmatched Client Experiences through exceptional quality and client service. In 2023, FORVIS won ClearlyRated's Best of Accounting Award for Service Excellence. ClearlyRated utilizes a Net Promoter® Score (NPS®) to determine the results. NPS is a simple metric based on a survey question that asks your clients how likely they are to recommend your firm to a friend or colleague on a numeric scale of 0 - 10. Below, we have shared statistics regarding FORVIS' NPS and comparable scores from other leading brands and our industry.



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*ClearlyRated's FORVIS – August 2022 Client Survey - Summary Report

In addition, as evidenced by our recognition in the INSIDE Public Accounting 2023 IPA Best of the Best list, FORVIS offers value through a strong, reputable network of support and resources. Our national coverage benefits our clients, our people, and the market of the future as we focus on our commitment to deliver Unmatched Client Experiences.



Project Schedule

Based on the information included in the *Request for Proposal*, our preliminary proposed workplan includes the following:

1. Gathering Background Information & Planning (January 2024)

- Hold a kick-off call with City stakeholders for introductions, overview of FORVIS' plan, and to further understand general concerns and goals of the project.
- Obtain written policies or procedures that govern the management of the City's Treasury functions, cash receipts and cash disbursements processes. In addition, obtain historical City audits, performance assessments, or other analysis that has been performed during the period from January 1, 2018, to June 30, 2023 (Scope Period).
- Conduct interviews with identified City employees, as necessary, to develop an understanding of the Treasury function operations and accounting processes.

2. Analysis of Internal Controls (January and February 2024)

- d. Read the City's written policies and procedures that govern the Treasury functions, cash receipts, and cash disbursement processes. Perform walkthroughs of cash receipt and cash disbursement transactions and document deviations in practice as compared to written policies and procedures.
- e. Document areas of cash receipt and/or cash disbursement internal control deficiencies.
- f. Assess the Treasury function's internal processes, systems, and financial controls to provide recommendations for modification to existing written procedures to reduce the risk of fiscal mismanagement.

FORVIS internal audit professionals will perform discovery and risk assessment walkthroughs and inquiries to understand the current state processes and maturity of controls within the receipting and disbursement cycles and to identify instances where opportunities for error, abuse or fraud may exist. Our procedures will be focused on the processes and controls for:

- Vendor Masterfile (VMF) maintenance
- Receipt of physical cash, checks and electronic deposits
- Recording of receipt and disbursement transactions
- Chargebacks, rebills, reversals, corrections, and collections
- Reconciliations
- Tracking and alerts of payment obligations and schedule
- Segregation of duties for key transaction types
- Approval and authority limits

Our work will be performed in the following phases:

- **Phase I – Discovery Phase:** Gain a baseline understanding of current operations, data, processes, systems, and resources within the Treasury function with the objective of becoming well-informed so that an approach to Phase II can be scoped with targeted objectives, timeline, procedures, and an estimate for Phase II.
- **Phase II – Analysis and Recommendations:** Performance of the plan developed from Phase I. In this phase, our procedures will be focused on the assessment of current state processes and controls. Draft recommendations will be formulated and presented to management.

3. Data Gathering and Transaction Testing (February through April 2024)

- g. Obtain transactional level data from general ledger, bank, or other City accounts (such as investment accounts) for the Scope Period. In addition, obtain copies of the City's vendor master and employee master files. Perform forensic data analytics on cash receipt and cash disbursement transactions (including tax receipts and distributions) which may include, but are not limited to, the following:
 - i. Compare federal and state government grant and/or reimbursement documentation to cash receipts and deposits reflected in the City's bank accounts.
 - ii. Obtain and analyze bank reconciliations and investigate select unusual or aged reconciling items.
 - iii. Analyze cash receipts by source over the Scope Period. Identify unusual patterns visually and through automated pattern recognition techniques and classify unusual activity.
 - iv. Obtain and analyze cash receipt processing activity to identify transactions recorded before / after typical business hours, on weekends, on holidays, etc.
 - v. Compare vendor master file attributes to employee master file attributes to identify employees and vendors with matching attributes such as, but not limited to, addresses and phone numbers.

- vi. Compare vendor master file attributes of different vendors to identify vendors with matching address, phone, names, etc.
- vii. Identify vendors with no address, PO Box or rural route address only, or invalid addresses as compared to USPS database of valid addresses.
- viii. Identify gaps in invoice and check numbering sequences.
- ix. Perform Digital Frequency Analysis (Benford's Law) on payable amounts to identify non-conforming digits to flag for further analysis.
- x. Analyze payable amounts by vendor over specified period. Identify unusual patterns visually and through automated pattern recognition techniques and classify unusual activity by AP clerk or approver.
- xi. Identify vendor master file changes by AP clerk. If date/time fields for changes are present, identify unusual dates or times of activity (weekends, holidays, after normal business hours).
- xii. Identify vendor payments occurring on same day each month for same amount.
- xiii. Analyze the budget to actual reports during the Scope Period, evaluating the reports for: appropriate levels of approval and line items which were unusually over/under budget.
- h. Based on the results of the data analytics, and management concerns, select a sample of financial transfers and:
 - i. Request and obtain, or gain access to, supporting documentation
 - ii. Analyze supporting documentation
 - iii. Identify unusual payments, based on amount, payee, timing, supporting documentation
- i. Read the applicable City Minutes for the Scope Period, evaluating for the following: areas of potential conflicts of interest / related parties, areas of disagreement, or unusual items (approvals after the fact, etc.).

4. Reporting (April 2024)

- j. Provide an oral report to City personnel of procedures performed, findings, and resulting recommendations
- k. Provide recommendations regarding additional procedures (if any) recommended by FORVIS
- l. Provide a final report to the City of procedures performed, findings, and resulting recommendations

5. Additional Procedures (TBD)

- m. As requested, FORVIS personnel will provide additional forensic accounting and dispute consulting services. FORVIS and the City will document these additional services in an addendum to our engagement letter and these services will be billed on an hourly basis.

City Staff Roles

In working with similar clients, we have developed efficient approaches that aim to avoid wasted effort. Your participation helps control costs, reduce unnecessary disruptions, and meet deadlines.

We need your team to maintain records in good condition, provide the necessary schedules, and cooperate with our audit team. Most clients routinely prepare these records and schedules during their normal monthly or annual closing process.

Specific assistance from your personnel may include:

- Attending planning meetings and preparing responses to questionnaires

- Participating in coordination of on-site visits, interviews with key line personnel, and assistance in obtaining necessary documentation to support our workpapers
- Responding to auditor inquiries during and subsequent to our fieldwork
- Providing training to our personnel on how to use your electronic document storage systems and other electronic media on which audit documentation may be stored
- Pulling selected supporting documentation and other files, including reconciliations that are not imaged or maintained electronically
- Helping to resolve any differences or exceptions noted

We will provide a list of the needed schedules well in advance of any deadlines, as well as spreadsheet templates for many of these schedules. We also will meet with your staff, as needed, to help them clearly understand what we need.

Innovative and Creative Approaches

MyFORVIS – Innovative Client Portal Technology

Our innovative client portal, MyFORVIS, is designed to help address the challenges financial engagements present and conveniently connect you with FORVIS advisors. Prior to the start of your engagement, FORVIS will post our questionnaires and other related documents on our client portal website, specifically prepared for the City, where requests can be reviewed and completed.

This portal can make it easier to:

- View and manage information about your engagement or project
- Securely share documents and files with your FORVIS advisors and project teams
- Organize documents and files for retrieval
- Assign tasks to your team and receive requests for information from FORVIS
- Track the progress of tasks toward completion
- Access our award-winning, industry-specific articles, webinars, videos, and more

MyFORVIS can help improve communication, save time, limit disruptions, and keep you connected with FORVIS advisors.

A Forensic Accounting Approach with You in Mind

Our forensic accounting approach is more than just the technical services we provide—it's about how we provide them. Our goal is to work efficiently and effectively while limiting interruption to your team's other responsibilities.

Instead of spending time in areas that are of little value to the City, we want to focus on the issues and concerns that matter to you—while also incorporating an appropriate level of analysis and testing that allows us to provide guidance to the City regarding potential internal control weaknesses and transactions with indications of potentially fraudulent activity. That means tailoring our testing and procedures based on your unique operations and internal processes, as well as involving the City in our approach from the planning stages onward.

Tailoring an internal control and forensic accounting approach also includes confirming we have the right team in place to serve you and working with you on the logistics of our process. While we find value in being on-site to perform significant elements of our analysis, we will work with you to consider the timing and the balance of what work is best done remotely and what value we can add by being face-to-face.

Innovative Firm Strategies and Resources

FORVIS proudly encourages and promotes diversity and an inclusive workplace. With innovative strategies for recruiting, as well as an ongoing focus on the development and implementation of internal inclusion programs, we are committed to identifying opportunities that help each individual to thrive.

With the urgency of changing environmental, social, and governance (ESG) requirements and the expectation your organization is prepared for what comes next, our experienced advisors are ready to offer the insights and education you may need to enhance and inform your ESG strategy. Start with our ESG and climate risk **FORsights™** at forvis.com/forsights.

City-Owned Facilities

FORVIS does not plan to lease, purchase, or rent any City-owned facilities or properties in connection with this engagement.

B. Company Information

Contact Person and Firm Information

Your proposed engagement executive, Rand Gambrell, will serve as the primary contact person for the City. His contact information is provided below:

Rand Gambrell, CPA, ABV, CFE, CFF

Managing Director

Phone: 303.837.3594

Email: rand.gambrell@forvis.com

Office Locations

As a modern, forward-thinking firm, we have a virtual headquarters with professionals serving in offices throughout the country to better serve our national client base. Our Denver, Colorado, address can be used for correspondence.

FORVIS
1801 California Street | Suite 2900
Denver, CO 80202

FORVIS Office Locations

United States

Alabama Birmingham	California Irvine	Tampa Bay
Arizona Phoenix	Colorado Colorado Springs	Georgia Atlanta
Arkansas Fort Smith Little Rock Rogers	Florida Boca Raton Jacksonville	Illinois Chicago Decatur Oakbrook Terrace
		Indiana

Bloomington
Evansville
Fort Wayne
Indianapolis

Iowa

Des Moines

Kansas

Wichita

Kentucky

Bowling Green
Louisville

Mississippi

Jackson

Missouri

Branson
Joplin
Kansas City
Springfield
St. Louis

Nebraska

Lincoln
Omaha

New York

New York City – East
New York City – West

Canada

Toronto*

United Kingdom

London*

**Subsidiaries and affiliates supporting
FORVIS*

North Carolina

Asheville
Charlotte – SouthPark
Charlotte – Uptown
Greenville
Hendersonville
High Point
Pinehurst
Raleigh
Winston-Salem

Ohio

Cincinnati
Toledo

Oklahoma

Enid
Oklahoma City
Tulsa

Pennsylvania

Erie
Pittsburgh

South Carolina

Charleston
Greenville
Summerville

Tennessee

Knoxville

Memphis
Nashville

Texas

Austin
Dallas – North
Fort Worth – North
Fort Worth – South
Houston
San Antonio
Waco

Utah

Salt Lake City

Virginia

Norfolk
Richmond

Washington, DC Metro Area

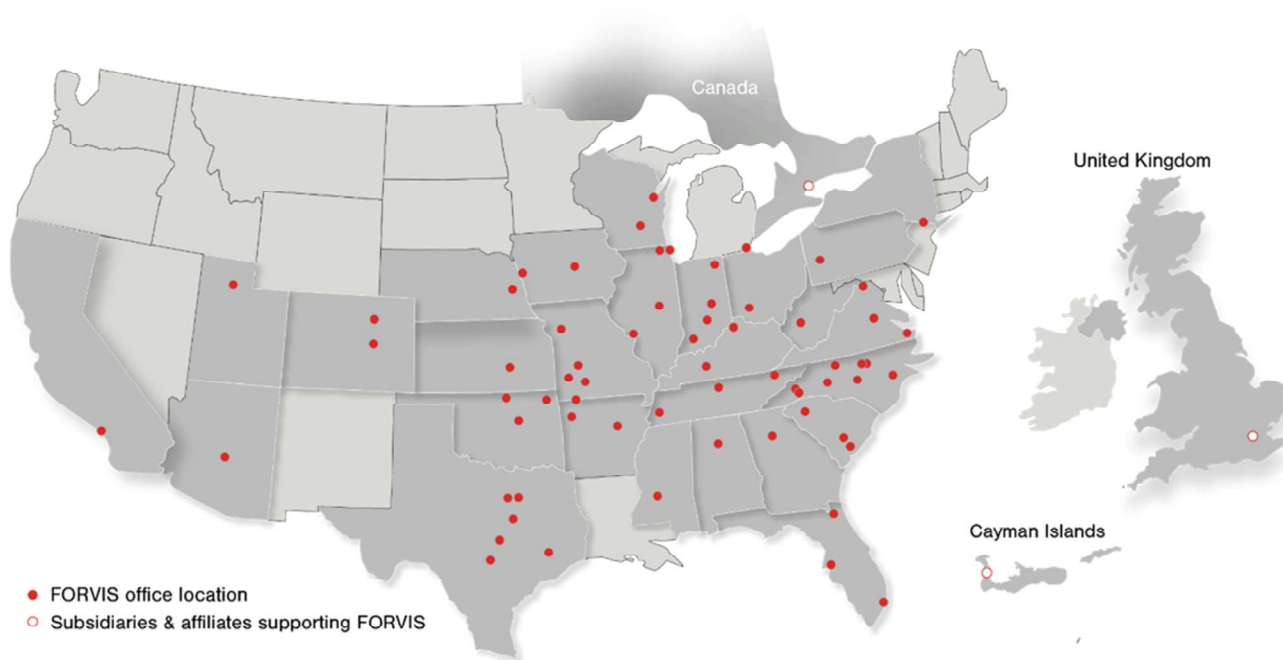
Tysons, VA

West Virginia

Charleston

Wisconsin

Appleton
Madison



**Services outside the United States are provided through our subsidiaries and/or affiliates supporting FORVIS.*

Firm Organization

FORVIS is a registered limited liability partnership under Delaware law. As such, more than 500 partners and principals throughout FORVIS' offices have an ownership interest in FORVIS. Regional managing partners oversee the operations of each of FORVIS' six regions, and local managing partners oversee the operations of each of FORVIS' offices.

FORVIS' Governing Board is the policy-making body of the firm, made up of the board chair, chief executive officer, three regional managing partners, and eight partners who serve three-year terms. Other firm leaders include:

- Chief Executive Officer Tom Watson
- Governing Board Chair Matt Snow
- Chief Growth Officer Tim York
- Chief Operating Officer Abe Cole
- Chief Practice & Innovation Officer Rob Pruitt
- Chief Talent Officer Lori Hayley
- Chief Performance Officer Mike Crawford
- Chief Integration Officer John Roberts
- Chief Risk Officer Mike Wolfe
- Chief Legal Officer Jennifer Hannah
- Chief Quality Officer Will Neeriemer
- National Director of Accounting & Assurance Professional Standards Group Partner Bryan Bodnar
- National Tax Partner Jesse Palmer

- National Consulting Partner Angela Miratsky
- National SEC/PCAOB Partner Jeff Rapaglia

Below is a list of our subsidiaries and professional affiliations.

FORVIS Capital Advisors, LLC

FORVIS Cayman, Ltd.

FORVIS Global Advisory Canada ULC

FORVIS Global Advisory Ltd. UK

FORVIS Wealth Advisors, LLC

TALENT SHIFT™, LLC

Professional Affiliations – As a member of the American Institute of CPAs (AICPA), FORVIS also is a member of its PCPS (Private Companies Practice Section) Firm Practice Center, and its three quality centers: Center for Audit Quality, Governmental Audit Quality Center, and Employee Benefit Plan Audit Quality Center. FORVIS also is registered with the Public Company Accounting Oversight Board (PCAOB), which is required to serve as an independent auditor of public companies. FORVIS also is one of the largest U.S. members of Praxity, AISBL*, a global alliance of independent firms.

*Praxity, AISBL, is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its executive office in Epsom. Praxity – Global Alliance Limited is a not-for-profit company registered in England and Wales, limited by guarantee, and has its registered office in England. As an Alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting, or other professional services of any type to third parties. The Alliance does not constitute a joint venture, partnership, or network between participating firms. Because the Alliance firms are independent, Praxity does not guarantee the services, or the quality of services, provided by participating firms.

Statement of Independence

To the best of our knowledge, FORVIS is independent with respect to the City as defined by:

- The Code of Professional Conduct of the American Institute of CPAs (AICPA)
- U.S. Government Accountability Office's *Government Auditing Standards*
- Public Company Accounting Oversight Board (PCAOB)
- SEC
- U.S. Department of Labor (DOL)
- National Association of Insurance Commissioners (NAIC)

We are not aware of any relationship that would impair our independence.

Process to Monitor and Maintain Independence

We work hard to maintain high standards of professional practice, including a strong system of quality control that emphasizes independence and objectivity.

To ascertain whether the firm's policies relating to independence, integrity, and objectivity are followed, all of our employees are required to complete an annual independence survey. This electronic survey verifies the firm's policies have been read and the individual is in compliance. Explanations of special circumstances, documentation of questions, and listings of any potential conflicts of interest are requested in the survey. A reporting mechanism has been adopted to ensure the independence and objectivity standards are met.

Furthermore, FORVIS maintains a restricted entity list of clients that are public companies and certain other clients who issue securities that could be purchased by FORVIS personnel. All firm personnel are required to review this list prior to acquiring any security, obtaining a loan, opening, or modifying a brokerage account, or entering a business relationship.

FORVIS also monitors compliance with independence requirements by annually selecting a sample of employees and partners to provide brokerage statements and tax returns for themselves and all immediate family members to verify whether information submitted on the annual survey is complete and accurate.

Litigation, Mediation, and Arbitration

There have been no disciplinary actions taken against FORVIS by the AICPA or any regulatory or licensing agency in the past five years. To avoid litigation, FORVIS maintains an extensive risk management program addressing a multitude of issues ranging from client acceptance to final working paper and financial statement review. Yet, as with any firm our size, the firm may experience litigation from time to time. Details of litigation cannot be disclosed pursuant to confidentiality agreements; however, the results of litigation have never been material to the firm. Currently, there is no substantial litigation outstanding.

C. Company Personnel

We take team selection seriously and have the appropriate team of advisors to meet your needs. Previous experience is a primary determinant for assigning professionals to your engagement, and we have assigned individuals who are experienced in working with forensic accounting to your engagement.

Resumes of Key Personnel



Rand Gambrell, CPA, ABV, CFE, CFF
Managing Director

303.837.3594
rand.gambrell@forvis.com

Engagement Responsibilities

As the lead and forensic engagement executive, Rand will be responsible for coordinating and overseeing the engagement. He also will serve as the point of contact for the City.

Experience

As a member of FORVIS' Forensics & Valuation Services division, Rand provides business valuation services, forensic accounting, economic damage analysis, fraud auditing and bankruptcy and restructuring services, including serving as an expert witness. His more than 25 years of experience and 19 years with the firm includes performing audits and consulting services for large national and international companies while with an international accounting firm.

Rand has extensive forensic accounting experience, serving as an engagement executive to help develop internal control and forensic accounting workplans, coordinating data analytic and transaction testing procedures, supervising staff, monitoring engagement progress and deliverables, and helping ensure project quality control standards are met. Rand's forensic accounting clients include private companies, state and local governmental entities, and not-for-profit organizations.

He is a member of the American Institute of CPAs, Colorado Society of CPAs, and Association of Certified Fraud Examiners. He is a Certified Fraud Examiner (CFE) who is Accredited in Business Valuation (ABV) and Certified in Financial Forensics (CFF).

Rand is a 1991 graduate of University of Colorado, Boulder, and a 1995 graduate of University of Denver, Colorado, with an MBA degree with an accounting emphasis.



Christie Clements, CISA®, CRMA®
Managing Director

317.383.4037
christie.clements@forvis.com

Engagement Responsibilities

Internal Audit Engagement Executive

Experience

Christie is a risk advisory practice leader within the Indianapolis office. She serves as an industry leader for FORVIS' not-for-profit and public sector practices and is responsible for engagement oversight and managing a team of advisors who deliver a variety of services across several industries.

She has 25 years of internal audit and risk management experience. Christie is experienced working in dispersed and complex environments, often employing a data mining and analytics methodology in her internal audit and process improvement engagements. She has worked with organizations to transform operations to provide greater stakeholder value to increase the efficiency and effectiveness of controls, services, and processes.

Her internal control projects have encompassed all areas of finance, operations, and IT, including revenue and expenditure cycles, call centers, vendor management, contract compliance and systems development life cycles.

Christie holds Certified Information Systems Auditor (CISA) and Certified Risk Management Assurance™ (CRMA) designations. She is a member of ISACA® and The Institute of Internal Auditors (The IIA) and formerly served on the board of governors for The IIA Indianapolis Chapter.

She is a graduate of Kelley School of Business, Indiana University, Indianapolis, with a B.S. degree in accounting.



Tom Haldiman, CPA, CFE, ACDA
Managing Director

816.221.6300
tom.haldiman@forvis.com

Engagement Responsibilities

Data Analytics Engagement Executive

Experience

Tom is a member of FORVIS' Risk Advisory 2 practice, where he focuses on process automation and product development. His passion lies in the development of innovative solutions by leveraging technology. His experience includes managing large data analytics projects, creating new solutions to automate processes, and developing new industry-specific products. His public accounting background also includes forensic investigations, litigation support, business valuation, and financial statement audits.

He joined FORVIS' Forensics & Valuation services division in early 2008 at our legacy company BKD, LLP. Since then, he has provided consulting services to clients in a wide range of industries, including health care, manufacturing, financial institutions, and education. He has experience with embezzlement investigations, including a \$1.2 million embezzlement, and litigation support projects involving disputes totaling billions of dollars. Tom has unique experience with ticketing operations and has worked with university and professional sports teams, as well as theater and concert venues, to identify and quantify inappropriate ticket activity and abuse.

Tom joined legacy company BKD's Analytics team in 2016. He has experience using Alteryx, SQL, ACL, IDEA, Tableau, and Excel software for analysis, data visualization, and process automation. He has customized, implemented, and helped clients to leverage these tools within their organization.

He is a member of the American Institute of CPAs, the Association of Certified Fraud Examiners (ACFE), and the Kansas City ACL Users Group. He has attained the Alteryx Designer Core certification and the ACL Certified Data Analyst (ACDA) certification, which denotes expertise in performing data analytics with Alteryx and ACL Analytics software, respectively. He also has received the Certified Fraud Examiner (CFE) designation from ACFE. The CFE credential denotes proven expertise in fraud prevention, detection, and deterrence.

Tom is a 2006 summa cum laude graduate of Missouri State University, Springfield, with a B.S. degree in accounting, and a 2007 graduate with an M.Acc. degree.



Annie Laudick Cortez, CFE, ACDA
Managing Consultant

317.383.4002
annie.laudick@forvis.com

Engagement Responsibilities

Data Analytics Engagement Lead

Experience

Annie is a member of the Analytics team, focusing on product development and automation. Annie's experience includes developing new products and helping to streamline and automate existing products. She performs analytics to help identify fraud, waste, and abuse in payment data that can help highlight opportunities for internal control improvements. Annie has worked in a variety of industries including higher education, public sector, and commercial products. As part of this work, she regularly works with the Internal Audit service line to help bring a data-driven approach to internal audits. In addition, Annie frequently works alongside the Forensics & Valuation service line, assisting with data-heavy fraud investigations and fraud prevention projects.

She is a member of the Association of Certified Fraud Examiners and has received the Certified Fraud Examiner (CFE) designation. In addition, she holds an Alteryx Designer certification and is an ACL Certified Data Analyst (ACDA), which denotes expertise in performing data analytics with Alteryx and ACL Analytics software. Annie also has experience using SQL, Tableau, and Excel for data analysis, data visualization, and automation.

Prior to joining FORVIS, Annie served as an SAP consultant at an international accounting firm. In this role she focused on SAP security and the analytics needed to understand clients' environments. She can draw upon these analytics skills to better understand FORVIS client data and provide high-impact insights.

She is a *summa cum laude* graduate of Marquette University, Milwaukee, Wisconsin, with a B.S. degree in business administration with a major in information technology.



Kendra A. Roberts, CPA, CFE
Managing Consultant

615.928.5226
kendra.roberts@forvis.com

Engagement Role

Internal Audit Engagement In-Charge

Experience

Kendra brings 15 years of audit experience to the Enterprise Risk Solutions Practice. Prior to joining FORVIS, Kendra spent eight years in the healthcare industry. She has experience working hospitals and physician practices on SOX implementations, internal control best practices, internal audit engagements, and internal audit software implementations and enhancements.

Prior to that, she served six years as a legislative auditor for the Tennessee Comptroller of the Treasury. There she worked on various financial, compliance, performance, and sunset audits across several state divisions.

Kendra has performed internal control assessments, compliance, operational, and performance audits in various industries such as: Cities/Municipalities, Non-for-Profit, Manufacturing, etc. Kendra has planned, conducted, and provided appropriate findings and recommendations in accordance with Generally Accepted Government Auditing Standards (GAGAS) or Generally Accepted Auditing Standards (GAAS).

Ms. Roberts has planned, managed, and executed a variety of advisory and audit engagements focused around operational, financial statement and compliance risks. She is well experienced in developing flowcharts, process walkthroughs and control mappings for various processes and systems.

Kendra holds Certified Fraud Examiner (CFE) and CPA certifications. She is a member of the American Institute of CPAs and the Middle Tennessee Chapter of the Association of Certified Fraud Examiners.

She is a graduate of Freed-Hardeman University, Henderson, Tennessee, with a B.B.A. degree in public accounting.

Licenses of Key Personnel

FORVIS is properly licensed to practice public accounting in the state of California. All key professionals who would be assigned to your engagement are properly registered/licensed to practice in the state of California or able to practice in the state due to mobility laws, without the requirement to obtain an individual California license.

FORVIS is licensed to practice in the following states:

- | | | | |
|------------------------|-----------------|------------------|-------------------|
| ▪ Alabama | ▪ Indiana | ▪ Nebraska | ▪ South Carolina |
| ▪ Alaska | ▪ Iowa | ▪ Nevada | ▪ South Dakota |
| ▪ Arizona | ▪ Kansas | ▪ New Hampshire | ▪ Tennessee |
| ▪ Arkansas | ▪ Kentucky | ▪ New Jersey | ▪ Texas |
| ▪ California | ▪ Louisiana | ▪ New Mexico | ▪ Utah |
| ▪ Colorado | ▪ Maine* | ▪ New York* | ▪ Vermont |
| ▪ Connecticut | ▪ Maryland | ▪ North Carolina | ▪ Virgin Islands* |
| ▪ District of Columbia | ▪ Massachusetts | ▪ North Dakota | ▪ Virginia |
| ▪ Florida | ▪ Michigan | ▪ Ohio | ▪ Washington |
| ▪ Georgia | ▪ Minnesota | ▪ Oklahoma | ▪ West Virginia |
| ▪ Guam | ▪ Mississippi | ▪ Oregon | ▪ Wisconsin |
| ▪ Hawaii* | ▪ Missouri | ▪ Pennsylvania | ▪ Wyoming |
| ▪ Illinois | ▪ Montana* | ▪ Puerto Rico | |

**Name change application pending.*

D. Disclosures

FORVIS' proposed engagement team has no past or current business or personal relationship with any Banning official as described in the RFP.

E. Experience and References

Minimum Experience Requirements

Forensic Accounting Experience

FORVIS' Forensics & Valuation Services (FVS) practice is a multidisciplinary team of professionals including forensic accountants, forensic technologists, and business valuation professionals. Our forensics professionals excel in helping resolve disputes through fraud investigations, litigation support services, data analytics, and digital forensics. We serve clients ranging from private equity-backed and other closely held businesses to Fortune 100 corporations, as well as nonprofits and federal, state, and local governmental agencies.

In FY23, our FVS practice provided services to roughly 1,400 clients nationwide. Team members have master's degrees and hold multiple certifications, including Certified Public Accountant (CPA), Certified in Financial Forensics (CFF), Certified Fraud Examiner (CFE), and more. Our professionals' diverse backgrounds provide the City with resources should an unanticipated question or issue arise.

Litigation Support

Working with legal counsel to develop a cost-effective and productive team is the key to FORVIS' success in complex litigation. Our FVS division brings a professional forensics perspective to the prosecution or defense of a case. We have many years of experience helping attorneys in many complex litigation cases and provide a broad range of litigation support services including:

Testifying & Consulting Expert Services

Neutral Services

Data Analytics

Our leaders have experience testifying as expert witnesses in state and federal courts, as well as before arbitration panels and other alternative dispute resolution forums. They have been qualified as experts in personal injury damages, forensic accounting, business valuation, and other areas. Forensics & Valuation Service Offerings:

- Bankruptcy related litigation
- Business valuation disputes
- Class actions
- Commercial litigation
- Construction disputes
- Damages
- Data analytics
- Digital forensics
- Divorce/domestic matters
- Forensic accounting
- Insurance claims
- Investigations
- Partnership/shareholder disputes
- Personal economic damages
- Purchase price disputes
- Tax controversy matters

Analytics Services

FORVIS' offers a suite of data mining, data visualization, and data analytics services. These services are customized to each client's industry, specific risks, challenges, and areas of focus. Our analytics team operates a cloud-based data analytics platform allowing us to import and store large datasets, build, and execute advanced data analytic workflows including machine learning models and advanced data visualization capabilities for interacting with data in an intuitive and insightful fashion.

We can help you detect fraud using sophisticated technology and proprietary techniques developed by data mining specialists and Certified Fraud Examiners. Our experience includes analyzing large data sets for states, municipalities, Fortune 500 companies, and clients in many industries.

In a forensic engagement such as yours, we have found that we can use our robust, data analytics tools to analyze 100 percent of a data set, rather than using traditional sampling. We use advanced tools such as Alteryx with advanced workflow and automation capabilities to run our procedures on entire datasets. We have analyzed files containing millions of records and narrowed down the list to those with attributes indicating there could be a potential problem. We will work proactively with the City to identify which methodology to use across the various procedures. The objective is to obtain reasonable confidence the test objectives have been met and to be as comprehensive as possible in our analysis.

Past Experience

For much of our history, forensic accounting and internal control consulting have been a part of services we have provided to clients. FORVIS formalized the delivery of forensic accounting services under the FVS division on January 1, 2006. We have a track record of helping similar public sector entities and understand our clients are our best ambassadors. Listening to us helps, but hearing directly from your peers can be a meaningful step in your decision-making process. We encourage you to reach out to the following clients to discuss FORVIS' services and capabilities at your convenience.

Representative Public Sector Clients

- Adams County, Colorado
- Choctaw Nation Housing Authority
- Hoosier Lottery
- Illinois Gaming Board
- Missouri Department of Transportation

- Choctaw Nation of Oklahoma
- City Utilities of Springfield
- Colorado Water Resources Development & Power Authority
- Denver Urban Renewal Authority
- Fayetteville Public Library
- Hinds County Board of Supervisors
- HoosierFund
- Indiana Education Savings Authority and Upromise Investments, Inc.
- Kansas City Board of Public Utilities, Kansas
- Minneapolis/St. Paul Metropolitan Airports Commission
- Mississippi Department of Corrections
- Municipal Energy Agency of Mississippi
- Nebraska Lottery
- Pikes Peak Library District
- State Universities Retirement System of Illinois
- Teachers' Retirement System of the State of Illinois

Success Stories

Illinois Department of Children and Family Services

FORVIS was engaged with the State of Illinois to provide forensic services focused on identifying potentially improper payments based on rates and types of services contained in the actual contract/grant agreement for the services and actual payments made to vendors. FORVIS' services included assisting the state with:

- Determining/ensuring compliance with signed contracts and federal and state rules and regulations
- Evaluating expenditure/purchasing decisions
- Evaluating the appropriateness of the expenditure/purchases and the beneficiaries of income, goods, and services
- Evaluating the appropriateness of supporting documentation such as, but not limited to, invoices, timesheets, approved cost allocation plans, etc.

The goal of the engagement was to protect state resources by assessing whether taxpayer funds were used in accordance with state and federal statutes.

Data Analytics Identifies Unusual Use of Purchasing Cards

A large city was concerned about the internal controls surrounding purchasing cards. Using data analytics, we were able to test these controls and identify other unusual transactions. This testing identified numerous instances of split purchases, where employees visited stores multiple times on a given day to circumvent transaction limits. Further, the testing identified transactions with prohibited vendor types and unusual purchases based on keyword searches. We also interviewed managers and employees in several departments to help improve cash handling procedures.

Uncovering an Embezzlement Scheme of More than \$1 Million

A city discovered a potential embezzlement scheme and turned to us to help assess the allegations. FORVIS quickly met with the city and began work immediately after the initial discovery. Our investigation included a significant amount of electronic data analysis, which helped uncover an embezzlement scheme exceeding \$1 million. In addition, the city asked us to assess cash handling procedures in other city departments. We identified weaknesses in departmental cash handling processes including finance, buildings and permits, landfill, municipal court, and other areas. Our report was provided to management, which was used to begin making changes to help reduce the risk of fraud.

Misuse of Bond Proceeds in City Government

A city requested our forensic accounting services to address allegations related to their bond issues. Comments surfaced alleging the city had used restricted bond proceeds to meet payroll obligations when it was experiencing shortfalls in its general operating fund revenues. We traced the bond proceeds through the city's bank accounts, quantifying the funds that were not used for their designated purpose. Our report became a public document and was posted in various online media outlets. We

also supported the city's new management team and the city's legal counsel on various issues after our report was released. During the process, we met the city's completion deadlines and fee expectations.

Data Analytics Help a City Identify Internal Controls Problems

A large midwestern city wanted to improve their internal control processes by leveraging data analytics. We implemented a Payment Risk Analytics solution for them designed to identify unusual patterns within accounts payable and purchasing card payments, relationships between employees and vendors, and other patterns consistent with fictitious vendors, waste, and abuse. Some example procedures included:

- Searching for duplicate vendors, based on name, address, phone number, Tax ID, and bank account information.
- Identifying employees located within 500 feet of a vendor
- Search for duplicate payments
- Trending payments over time to identify acceleration patterns

Client References

CONFIDENTIAL

We have a track record of helping similar local government agencies and understand our clients are our best ambassadors. Listening to us helps, but hearing directly from your peers can be a meaningful step in your decision-making process. We encourage you to reach out to the following clients to discuss FORVIS' services and capabilities at your convenience.

Adams County, Colorado

4430 South Adams County Parkway, Suite C4000A
Brighton, CO 80601
Ms. Nancy Duncan
Budget & Finance Director
720.523.6276
nduncan@adcogov.org

Service Description: Internal audit outsource, data analytics and forensic accounting services

Dates: 2021 – Present

Sedgwick County

100 N. Broadway, Suite 610
Wichita, KS 67202
Ms. Lindsay Poe Rousseau
Chief Financial Officer
316.660.7141
lindsay.poerousseau@sedgwick.gov

Service Description: Financial fraud investigations, including a review of county-wide Treasury functions; data analytics; employee theft; personnel conflict of interest investigations; and policy and procedures review and remediation.

Dates: 2017 – Present

City of Springfield, Missouri

840 Boonville Avenue
Springfield, MO 65802
Mr. David Holtmann
Finance Director
417.864.1632
dholtmann@springfieldmo.gov

Service Description: Outsourced internal audit and payment risk analytics

Dates: 2019 – 2020

Appendix

Exceptions to Terms and Conditions

In conformity with the City's RFP, FORVIS understands the City will negotiate the terms of the scope of services and compensation with the selected respondent. To this end, we are required upon acceptance of the engagement to communicate the actual scope and terms of the engagement in a separate letter to be signed by the City and FORVIS. The engagement letter, prepared in accordance with professional standards, is intended to become a part of the contract between the City and FORVIS. In addition, FORVIS recognizes the RFP sample contract terms and conditions must be accepted in full to be considered responsive. FORVIS intends to be responsive except a few changes will be needed to comply with professional standards and/or FORVIS policies. As FORVIS has successfully resolved similar issues with municipalities, FORVIS is confident the parties can successfully negotiate mutually acceptable terms and conditions. FORVIS sincerely appreciates the City's consideration and understanding. FORVIS looks forward to working with the City on this engagement.

AICPA Peer Review Letter



National Peer
Review Committee

December 11, 2020

Theodore Dickman
BKD, LLP
910 E Saint Louis ST Ste 400
Springfield, MO 65806-2570

Dear Theodore Dickman:

It is my pleasure to notify you that on December 11, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley".

Michael Fawley
Chair, National PRC
+1.919.402.4502

cc: Candace Wright, L Bennett

Firm Number: 900010002800

Review Number: 577534

220 Leigh Farm Road, Durham, NC 27707-8110
T: +1.919.402.4502 F: +1.919.419.4713
aicpaglobal.com | cimaglobal.com | aicpa.org | cima.org

BKD Peer Review Report



8550 United Plaza Blvd., Ste. 1001 — Baton Rouge, LA 70809
225-922-4600 Phone — 225-922-4611 Fax — pncpa.com

Postlethwaite & Netterville and Associates, L.L.C.

Report on the Firm's System of Quality Control

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. 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. 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 a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with 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 in conformity with 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 the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to 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 BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, 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*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 2, 2020

About FORVIS

FORVIS[®]

Assurance / Tax / Consulting

An Enhanced Professional Services Firm

What's going to happen tomorrow? You can't predict the future, but you can prepare for it. To thrive in an environment that moves faster every day, business leaders must be able to look ahead and be ready for what comes next.

That's where **FORVIS** can help. Driven by the desire to anticipate what's next in the economic landscape, our goal is to help our clients be ready when the future becomes the present. We're committed to using our exceptional vision to provide each of our clients with an **Unmatched Client Experience[®]** that drives business forward.

FORVIS was created by the merger of equals between BKD and DHG. We aim to carry on our respective legacies of high-touch personal service delivered with remarkable integrity, care, and innovation—all now backed by the resources of a top 10 U.S. public accounting firm.

“

With national coverage and international presence, we're stronger: for our clients, our people, and the market of the future.

”

Forward Vision Drives Our Unmatched Client Experiences

As a FORVIS client, you will benefit from a single organization with the enhanced capabilities of an expanded national platform, deepened industry experience, greater resources, and innovative consulting services. Our aim is to provide assurance, tax, and consulting services that help clients succeed today while preparing them to forge ahead into a clear future.

Our eye on the future isn't exclusively directed toward our clients. We want our people—at every level, in every office—to be motivated by engaging career paths that challenge and inspire them to grow personally and professionally. Our partners and staff are the foundation of the firm, and when they have the opportunity to flourish, the result is Unmatched Client Experiences.

We are FORVIS—driven by a commitment to anticipating what's ahead so our clients are ready to thrive when it arrives.



Tom Watson
Chief Executive
Officer

Top 10

U.S. Public
Accounting Firm*

500+

Partners &
Principals

27

States + Canada, U.K.,
& Cayman Islands**

10+

Industries

6,000+

Team Members

68

Markets



FORVIS is a member of Praxity[™], an international alliance of independent accounting firms that offers multinational clients access to resources around the world.
* FORVIS was ranked number eight on Inside Public Accounting's 2023 annual ranking of accounting firms by revenue.
** Services outside the United States are provided through our subsidiaries and/or affiliates supporting FORVIS.

FORV/S®



V.C PRICE PROPOSAL

Citywide Forensic Accounting and Investigation Services

RFP-23-040



ORIGINAL

Submitted by FORVIS, LLP

A proposal for:

City of Banning

Primary Contact

Rand Gambrell, CPA, ABV, CFE, CFF

Managing Director

Phone: 303.837.3594

Email: rand.gambrell@forvis.com

Secondary Contact

Christie Clements, CISA®, CRMA®

Managing Director

Phone: 317.383.4037

Email: christie.clements@forvis.com

V.C Price Proposal

Proposed Fees

Our goal is to be candid, timely, answer your questions about fees upfront, and avoid fee surprises. We determine our fees by evaluating a number of variables: the complexity of the work, the project's scope, the time we will spend, and the level of professional staff needed. In addition to our quoted fee, you will be billed travel costs and an administrative fee of 5%. This fee covers items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items.

Our fees may increase if our duties or responsibilities change because of new rules, regulations, and accounting or auditing standards. We will consult with you should this happen.

These fees do not include any time for additional out-of-scope services which may be requested by the City. Any such work will be billed based on our hourly rates.

Phase I Investigation - for the Scope Period from January 2018 through June 2023	
1. Gathering Background Information & Planning	\$17,000
2. Analysis of Internal Controls	\$40,000
3. Data Gathering & Transaction Testing	\$165,000
4. Reporting	\$36,000
Travel	\$10,000
TOTAL	<u>\$268,000</u>

The Phase I investigation fees identified above are based on our understanding of the project scope included the Request for Proposal Citywide Forensic Accounting and Investigation Services (RFP-23-040) and assume approximately 640 hours will be required to provide the Phase I procedures and related reporting. If the Phase I scope of procedures are amended or revised, resulting in an expansion of the hours required to perform the procedures, FORVIS reserves the right to modify the proposed fees presented.

Hourly Rates

Any work outside the proposed scope will be billed according to our hourly rates.

Staff Level	Hourly Rates
Partner / Principal / Managing Director / Director	\$530–\$710
Senior Manager	\$440–\$540
Manager	\$330–\$415
Senior Associate / Senior Consultant	\$290–\$330
Associate / Consultant	\$215–\$255

Our professional hourly rates may increase during a calendar year. We reserve the right to submit to the City an hourly rate adjustment request thirty (30) days prior to the effective date of the increase.

FORV/S®

A man and a woman in business attire are smiling and looking at a tablet together. The man is on the left, wearing a dark pinstripe suit and a patterned tie. The woman is on the right, wearing a dark pinstripe blazer over a white shirt. They are both looking down at a tablet held by the man. The background is a warm, wooden interior. A large diagonal line divides the image, with a dark grey area on the left and a light brown area on the right.

A PROPOSAL TO PROVIDE
PROFESSIONAL SERVICES FOR:

City of Banning, CA

NOVEMBER 28, 2023



November 28, 2023

Barbara Mason
Purchasing Manager
City of Banning
99 E. Ramsey St.
Banning, CA 92220

Dear Ms. Mason:

We thank you for the opportunity to present our qualifications for forensic accounting investigation services to the City of Banning ("the City").

BDO has a unique culture rooted in similar core values as the City and ensures not only a continuous focus on our clients and professionals, but also a long-term commitment to quality service. All of our clients experience our high-quality service approach characterized through direct access to top technical resources, and a streamlined project management structure delivered to drive the best possible value on every engagement.

Our professionals have extensive experience serving organizations like the City and have a proven track record of serving state and local government organizations. We apply a systematic and disciplined approach to ensure that any allegations or suspicions of fraud are, not only thoroughly investigated, but are traced to the root-cause so that potential weak points can be strengthened to mitigate future fraud risks.

The following proposal describing our capabilities outlines our understanding of the scope of services, our staff qualifications and past experience, and BDO's time-tested approach to conducting investigations. BDO believes it can provide the City with services that are the best value for the money through cost efficient and streamlined project management structures, which pull in subject matter expertise when necessary while also eliminating unnecessary overhead to drive value for our clients. BDO also has on-demand access to thousands of resources across the country and can utilize them to further drive cost efficiencies.

BDO is willing to enter into a contract with the City. Please see our contract considerations in Appendix A on page thirty-three the proposal document.

Throughout the RFP review process, on behalf of BDO the contact person is Sly Atayee, who can be reached by email at stayee@bdo.com or by phone at 703-336-1689.

We will furnish any additional information upon request. Again, we thank you for this opportunity and we look forward to further demonstrating our capabilities and distinctly different service approach. Please do not hesitate to call if you would like to discuss our service model or if we can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Wilson".

Andrea Espinola Wilson
Managing Partner
Industry Specialty Services
Direct: 703-963-4275
Email: aewilson@bdo.com

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At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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A PROPOSAL TO PROVIDE
PROFESSIONAL SERVICES FOR:

City of Banning, CA

NOVEMBER 28, 2023



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V.B.A Statement of Understanding and Approach

- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Our Understanding

The City of Banning ("the City" or "City") is seeking comprehensive forensic accounting and investigation services, focusing on the City's Treasury functions, including reviewing financial activities from January 1, 2018, to June 30, 2023. The initial Phase 1 involves performing an initial assessment to determine if a more extensive investigation is warranted, and preliminary reporting to the City. This phase is critical to assess the scope and depth of any potential financial anomalies, and it will lay the groundwork for any subsequent detailed forensic analysis to be performed in Phase 2.

In Phase 2, our task would be to perform forensic analysis to identify, investigate, and quantify any irregular financial anomalies, assess the design of the current system of internal controls, recommend control improvements, and provide final reporting to the City.

BDO understands that although there have not been any instances of known fraud, it is important to the City and its residents that a thorough review is completed to provide confidence that precious resources are being utilized appropriately. It is also important to the City that the current system of internal controls be assessed to identify and mitigate potential risk areas that could result in future vulnerabilities.

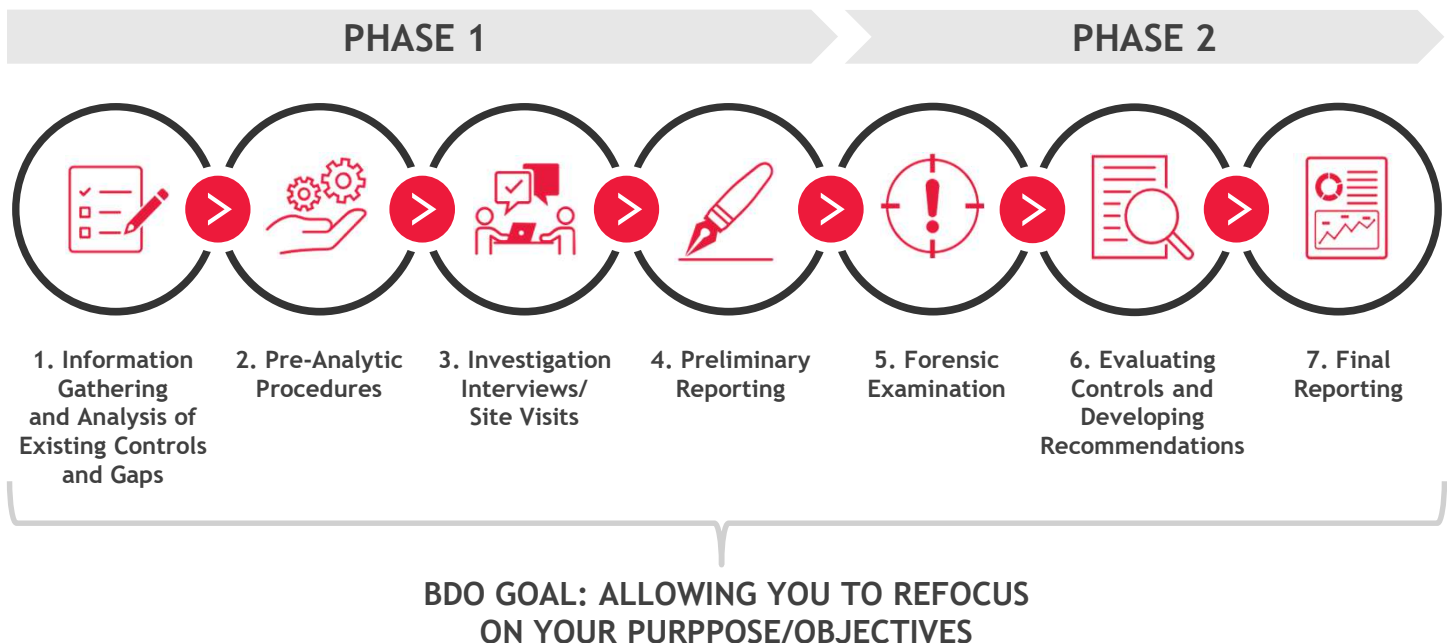
The project may evolve based on initial findings, with potential additional services needed, such as expert witness support. Additionally, this entails a thorough examination of all relevant documents and transactions, and liaising with various departments to gain a comprehensive understanding of the City's financial processes and controls.



- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Summary Investigation Technical Approach

BDO utilizes a standard, engagement-tested approach for conducting forensic accounting and investigations. This ensures uniformity across our work, provides a comprehensive methodology to uncover the facts, and allows us to prepare meaningful reports for our clients. Our approach also provides the City with a roadmap to move past any identified misconduct and implement the proper mitigating control procedures. Our goal is to give the City confidence that its assets are being used to support its purpose and objectives, and not for unauthorized purposes.



Tools & Technology for Investigations

BDO also utilizes an array of third-party and internally developed proprietary tools to automate tasks whenever possible so we can more efficiently and expediently support forensic investigations; these tools include, but are not limited to:

Data Collection, Preparation & Analytics

- ▶ Microsoft SQL Server & AWS GovCloud
- ▶ Trifacta Data Wrangler
- ▶ BDO Proprietary Python, Ruby, SQL and VBA Scripts

PDF Mining & Extraction

- ▶ CaseWare IDEA
- ▶ Able2Extract
- ▶ DataSnipper

BI Visualizations

- ▶ PowerBI
- ▶ Qlik Sense Cloud
- ▶ Tableau

- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Detailed Investigation Technical Approach

BDO's forensic accounting and investigation methodology comes from decades of experience, both within the industry and as external investigators.

This section provides a general outline of the phases and sub-phases of our investigative approach, the objectives of each sub-phase, and example activities within each sub-phase.

Every investigation will have its own nuances and the activities will vary; however, our standard approach allows us to gather and assess the necessary information to ensure all the facts are uncovered, and any anomalies are properly reviewed and addressed in a timely and cost-effective manner.

BDO anticipates that its Phase 1 assessment will be completed within the allotted four-month timeframe.

PHASE 1 - INITIAL ASSESSMENT

1. Information Gathering and Analysis of Existing Controls.

a) Objective

- i. Gain an understanding of the:
 1. Financial anomalies known to date.
 2. System of internal controls within the City's Treasury function and related functions.
- ii. Gather relevant data for further analysis.

b) Example activities to be conducted

- i. Conducting kickoff meeting with relevant/key City of Banning personnel to understand known financial anomalies.
- ii. Gaining an understanding of the internal controls which were, or were not in place, in order to understand any weaknesses which could be exploited.
- iii. Preliminary interviews with select staff to understand how key processes work in practice and understand if there are any known concern areas.

iv. Development and submission of Provided by Client ("PBC") List. Requests may include, but are not limited to:

1. Relevant policies and procedures,
 2. Process maps,
 3. Organizational charts,
 4. Financial data (e.g., financial statements, bank statements, detailed general ledger, chart of accounts) or read-only system access,
 5. Payment registers (e.g., accounts payable, payroll),
 6. Fringe benefits data,
 7. Standard reports (e.g., financial, audits) and reconciliations,
 8. Employee data (e.g., employee contracts/agreements, timesheets, current/past rosters, human resources employee file, job descriptions, compensation reports), or
 9. Email/SMS/WhatsApp communications.
- v. Development of profile for potential fraudster(s), identifying characteristics and components associated with the fraud triangle.
- vi. Facilitating stakeholder communications considerations and planning.



- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Detailed Investigation Technical Approach

2. Pre-Analytic Procedures

a) Objective

- i. Analyze data/documentation provided by the City in order to preliminarily assess any known and unknown financial anomalies.

b) Example activities to be conducted

- i. Performing custom data analytics to identify trends, anomalies in data.
- ii. Performing judgmental and/or statistical sampling (whichever appropriate) and conduct testing of specific transactions (financial and non-financial), including review of supporting documentation to ensure proposed and authorized payments match actual disbursements.
- iii. Reconciliation of accounts, including reconstruction of prior reconciliations already completed.
- iv. Horizontal Analysis - Period to period analysis of account balances.
- v. Vertical Analysis - Reviewing of each line item on a financial statement as a percentage of another line item in comparison to prior periods.
- vi. Fair Market Analysis - Conducting analysis of specific goods/services in local marketplace, including getting bids from local vendors, to establish market-level prices and then compare to prices charged to the City.
- vii. Performing tracking of misconduct, including review of general ledger detail and billing reports, to determine if donor/external funder funds were misappropriated

3. Investigative Interviews and Site Visits

a) Objective

- i. Gain a further understanding of observed anomalies from sub-phase 2.
- ii. Obtaining any knowledge (direct or indirect) of known fraudulent activity perpetrated, alleged, or suspected by the interviewee and requesting any relevant files or communications to support claims made.
- iii. Corroborate facts on the ground.

b) Example activities to be conducted

- i. Performing detailed walkthroughs with identified personnel involved in potentially compromised processes and related control procedures to understand how the processes operate in practice, which may be different than documented/established procedures.
- ii. Conducting initial investigative interviews. Interviews can be conducted virtually any time during an investigation, depending on the urgency of the need to interview suspicious parties. For example, if the suspicious parties are at risk of leaving/resigning/fleeing, their interviews could be expedited at the start of investigation proceedings, however it is best practice to hold these interviews until the end.
- iii. Reviewing identified anomalies in data, abnormal transactions, unauthorized transactions with interviewees and obtaining their explanations as to how these anomalies may have taken place.
- iv. Interviewing related third parties (e.g., vendors, beneficiaries, citizens), depending on the nature of the identified misconduct.
- v. Completing site visits at partner, affiliate, vendor, or other third-party offices related to observed anomalies



- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Detailed Investigation Technical Approach

4. Preliminary Reporting

a) Objective

- i. Ensure identified the City stakeholders are aware of investigation methodology, progress, proceedings, and preliminary findings.

b) Example activities to be conducted

- i. Providing regular status update reports which include activities accomplished, to be accomplished, billing status, and other relevant data points determined by the City.
- ii. Conducting frequent (e.g., weekly, bi-weekly, monthly) and ad-hoc check-in phone calls to discuss investigation progress.
- iii. Examples of Preliminary Report deliverables:
 1. Oral presentation of preliminary findings to date, as requested by the City
 2. Preliminary reporting to the City Council (as requested by the City) to report significant findings, or to obtain authorization for any expansion of the scope of services, if required.
 3. Other preliminary reports as requested by the City

- iv. **Note - The City will be informed of progress as frequent as desired and BDO's preliminary reporting can happen at any part of Phase 1, especially if strong suspicions of misconduct are present.**

PHASE 2 - DETAILED ANALYSIS

5. Forensic Examination

a) Objective

- i. Further investigate observed anomalies identified in Phase 1.
- ii. Provide quantifiable measure for the likelihood and/or magnitude of the misconduct which was observed/verified in Phase 1.
- iii. **Note - This sub-phase will only be applicable if anomalies are found in Phase 1 which require further analysis. The scope the investigation procedures in this sub-phase will be established/approved by the City.**

b) Example activities to be conducted

- i. Performing further analysis on identified areas of concern, including detailed reconciliations, document analysis, funds tracing, etc...
- ii. Performing further investigative interviews, including follow up discussions and admission-seeking interviews.
- iii. Determining potential complicit or negligent parties related to observed misconduct.
- iv. Providing Rough Order of Magnitude ("ROM") to summarize impact of misconduct.
 1. Where determination of the actual misconduct value involves additional extensive investigation, we will discuss with the City and then note our approach for these cases, which could involve additional follow up on the investigation, additional testing, ROM, and extrapolating findings as options.
- v. Extrapolating findings of fraudulent activity from sample review to a larger population for periods and transactions not tested.
- vi. Determining non-financial impact, such as funder compliance and possible disclosures which need to be made.



- An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
- Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

Detailed Investigation Technical Approach

6. Evaluating Controls and Developing Recommendations (if applicable)

a) Objective

- i. Determine where control weaknesses existed which may have allowed misconduct to be perpetrated, or present opportunity for fraud to occur, and provide control improvement recommendations which properly mitigate future risks of misconduct.

ii. **Note - This sub-phase will only be applicable if control weaknesses are found in Phase 1.**

b) Example activities to be conducted

- i. Developing Gap Assessment matrix detailing where breakdowns in control procedures design or execution exist. Conducting risk assessment on compromised processes and providing "Heat Map" with risk ratings based on likelihood, impact, and pervasiveness of the risks observed.
- ii. Providing detailed recommendations on control improvements, including changes to documented policies and procedures and addition and/or redesign of control procedures.
- iii. Developing process flow diagrams, including proposed future states which include the implementation of improved control procedures.
- iv. Drafting revised policies and procedures.
- v. Conducting training on proper internal control practices, fraud awareness, etc..

7. Final Reporting

a) Objective

- i. Ensure identified City stakeholders are aware of investigation findings and next steps.

b) Example activities to be conducted

- i. Examples of Final Report deliverables:
 1. Final reporting (formal or oral) on findings to date, as requested by the City key stakeholders.
 2. Detailed report with complete findings of investigation proceedings, including schedules, appendices, and accompanying work papers
 3. Reporting to the City Council (as requested by the City) to report significant findings, or to obtain authorization for any expansion of the scope of services, if required.
 4. Other reports as requested by the City
 5. Management-level reports with executive summary of findings, recommendations of improvements, and next Phases.
 6. Audit Committee report and/or oral presentations discussing findings from investigation proceedings.
 7. Specialized reports for donors.



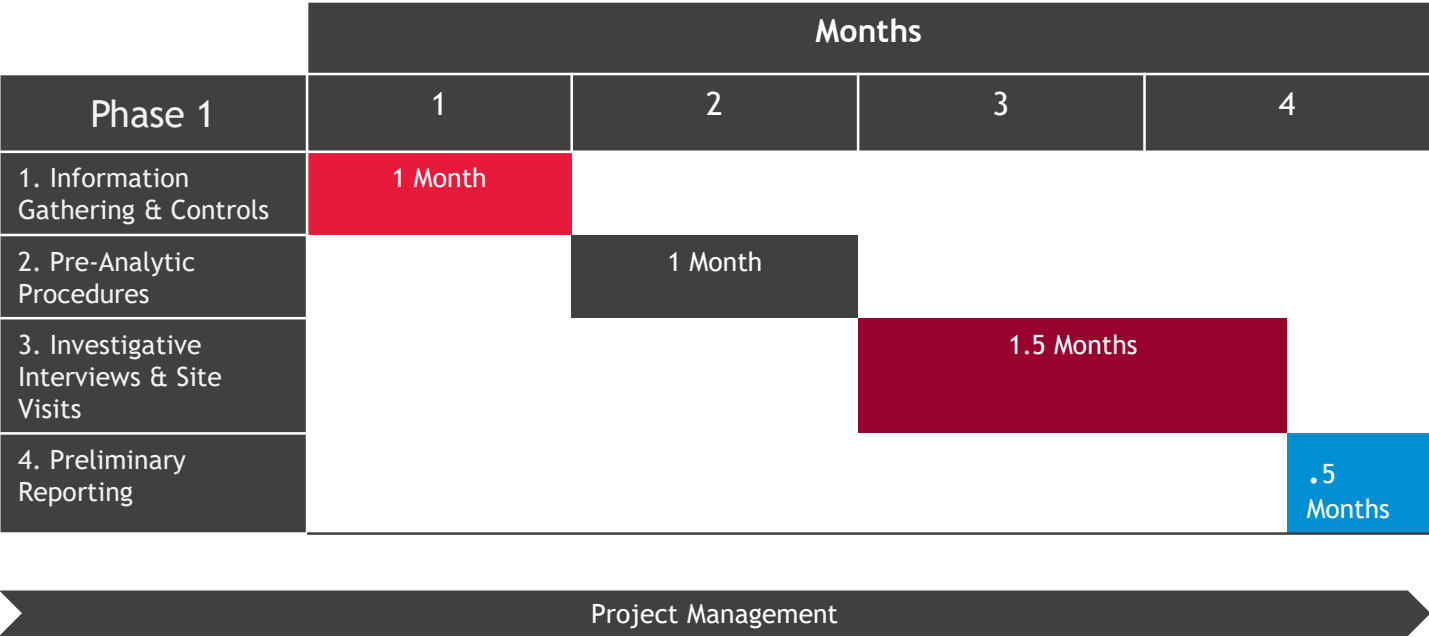
As part of a potential Phase 3, BDO is available to support the City with analysis/reporting related to assisting the City to collect any potentially recoverable losses. The City will provide prior approval prior to the commencement of any expanded scope procedures.

- Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion, including a complete transition plan. Include your plan to deal with fluctuation in service needs and any associated price adjustments.

Project Schedule

We estimate the earliest start date to be January 2024 and anticipate the Phase 1 work to be complete within the allotted 4 months (as referenced in the RFP). This timeline assumes that we are able to complete our work efficiently. In order to do so, we must be able to schedule meetings timely, receive responses to questions and requests regularly, and have the collaboration and cooperation of the City's selected engagement team.

The time estimate below is only for Phase 1. Upon the completion of Phase 1, and with the approval from the City, BDO will provide additional time and cost estimates for Phase 2 and 3 work, if they are necessary.



- Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
- Proposers are also requested to identify any City owned facilities or property which Proposer would propose to use or lease, purchase, or rent from the City in connection with the services to be performed, including information about the terms of any proposed lease, purchase or use of such equipment and facilities, and how this proposed structure affects the overall cost proposal to the City, if applicable.

Tasks for City Staff/Use of City Facilities

Our forensic accounting and investigation services may necessitate certain interactions with City staff, depending on the direction and findings of our initial analyses. While the exact nature and extent of this assistance remain to be determined, it could potentially include providing access to financial records, support in coordinating interviews with personnel, and guidance in navigating City databases and systems. It could also include actual fact-gathering interviews. As shown in the section titled Project Management Structure on page nineteen, BDO will assign a full-time Project Manager to drive project completion and to mitigate any administrative burden of the City's personnel. We aim to work collaboratively with the City staff, ensuring that any involvement is as streamlined and minimally intrusive as possible.

In terms of utilizing City-owned facilities or properties, our current plan maintains flexibility. Depending on the progress and specific requirements of our investigation, we might explore the possibility of using secure office space within a City-owned building for our team's operations while they are on-site. This would facilitate close collaboration with City staff and ensure the confidentiality of our work. However, this is only a potential scenario, and our use of such facilities will be evaluated and discussed in detail as our project requirements become clearer. In sensitive situations, such as admission-seeking interviews, we prefer to take our work off-site.

We do not anticipate requiring any City property or space that would require the City to take on additional cost for this engagement. We expect to be able to complete the majority of the work remotely; however, during the course of the engagement, circumstances may require temporary access to City facilities or equipment. For example, should we need to interview staff on-site, we would request the use of conference room space. Similarly, if our team needs to review records that are solely kept as hard copy documents, we will request access to those documents as well as an on-site workspace to review the files.

- Proposers are encouraged to provide additional innovative and/or creative approaches for providing the service that will maximize efficient, cost-effective operations or increased performance capabilities. In addition, the City will consider proposals that offer alternative service delivery means and methods for the services desired.

At BDO, we tailor each approach for our client since there is rarely a one-size-fits-all solution. This is especially true in forensic examinations, which often require out-of-the box thinking and innovative analysis techniques. As we learn more about your organization, we will be able to hone our approach to your needs. Below are a few examples of how this flexible approach has benefitted similar clients.

BDO Helps Company Investigate Qui Tam Allegations Concerning Misclassified Costs



Client Need

In support of a qui tam matter, a company engaged BDO to perform a forensic investigation of claims alleging widespread cost misclassification and indirect cost rate manipulation over the life of an 8-year grant program.

BDO Solution

In support of this engagement, BDO:

- Analyzed over eight years of GL transactions and subsidiary ledger data to identify high-risk transactions of interest and visualized results.
- Performed 100% review of high-risk, high-value transactions for allowability and appropriate classification, while testing the remaining population of transactions in accordance with regulatory sampling guidance.
- Conducted statistical sampling and testing of moderate risk areas
- Developed model to quantify the cost impact of unallowable/misclassified transactions by funding source.
- Prepared expert report for presentation of findings and quantified potential exposure to the Office of Inspector General (OIG).

BDO Supports Organization with Investigation of Time Charging and Procurement Irregularities

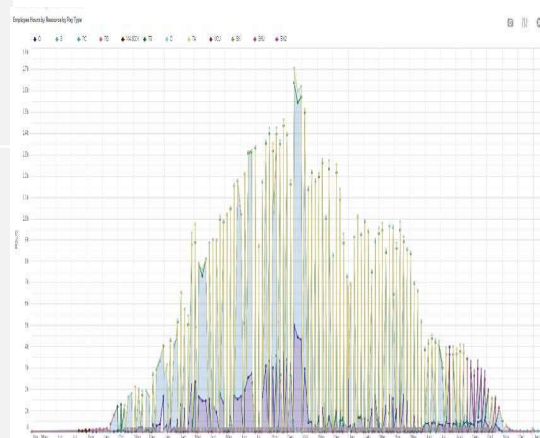
Client Need

A large organization with multiple federal government contract and grants engaged BDO, under the privilege of counsel, to perform a forensic investigation of time mischarging, vendor overpayment, shell company transactions, conflicts of interest, and irregularities in contracting with small businesses.

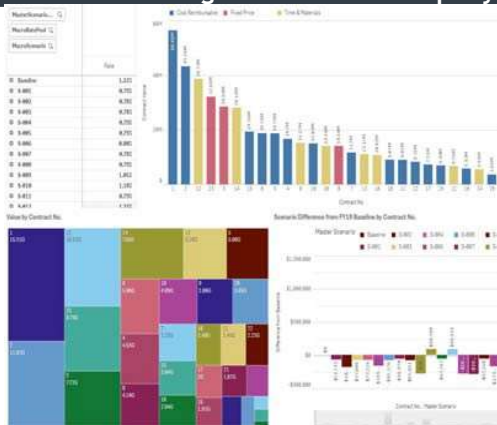
BDO Solution

As part of this engagement, BDO:

- Analyzed multiple years of time charging data to determine whether individuals supporting multiple programs concurrently were mischarging time dependent on available program budget.
- Leveraged CaseWare Idea to efficiently extract pertinent information from PDF documentation and integrated with ERP procurement data to evaluate purchasing irregularities.
- Quantified potential exposure and provided expert report of findings to counsel and executive leadership.



BDO Assists Large Healthcare Company with Analysis of Corporate Credit Card Transactions



Client Need

A large healthcare company engaged BDO to investigate whether director-level employees were inappropriately charging personal expenses on company-provided credit cards.

BDO Solution

During this engagement, BDO:

- Worked directly with the client's IT personnel to extract and load three years of expense and credit card data into a SQL database for analysis.
- Utilized Able2Extract to mine additional attributes from credit card statements to facilitate identification of potential personal charges.
- Flagged transactions of interest and imported into BDO's proprietary forensic analytics tool to research potential issues in real-time with client.
- Quantified potential exposure and provided report of findings to client.

V.B.B Company Information

- This section shall include contact person information, address and telephone number of the company main office and branch offices. Each Company shall identify itself as to the type of organizational entity (corporation, sole proprietorship, partnership, joint venture, etc.). Any supplemental information that Company believes may be pertinent to the selection process may be provided.

Contact Person	Sly Atayee - Project Manager
Contact Information	703-965-2792 satayee@bdo.com
BDO Headquarters	Headquarters: Chicago Office 330 N. Wabash Ave., Suite 3200 Chicago, IL 60611 While we are headquartered in Chicago BDO serves clients nationally across more than 75 offices in the U.S, including our Los Angeles office.

List of Company Locations

Chicago, IL; Oakbrook, IL; Huntsville, AL; Anchorage, AK; Phoenix, AZ; Los Angeles, CA; San Diego, CA; San Jose, CA; Orange County, CA; San Francisco, CA; Boulder, CO; Denver, CO; Greeley CO; Stamford, CT; Wilmington, DE; Washington D.C.; Boca Raton, FL; Miami, FL; Tampa, FL; Fort Lauderdale, FL; Orlando, FL; West Palm Beach, FL; Jacksonville, FL; Atlanta, GA; Rosemont, IL; Indianapolis, IA; Baltimore, MD; Columbia, MD; Boston, MA; Gardner, MA; Detroit, MI; Grand Rapids, MI; Kalamazoo, MI; Minneapolis, MN; St. Louis, MO; Las Vegas, NV; Cherry Hill, NJ; Woodbridge, NJ; Long Island, NY; New York, NY; Valhalla, NY; Charlotte, NC; Raleigh, NC; Akron, OH; Cleveland, OH; Columbus, OH; Cincinnati, OH; Tulsa, OK; Philadelphia, PA; Pittsburgh, PA; Greenville, SC; Memphis, TN; Nashville, TN; Austin, TX; Fort Worth, TX; San Antonio, TX; Dallas, TX; Houston, TX; Salt Lake City, UT; Norfolk, VA; Richmond, VA; Seattle, WA; Spokane, WA; Madison, WI; Milwaukee, WI.

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- This section shall include contact person information, address and telephone number of the company main office and branch offices. Each Company shall identify itself as to the type of organizational entity (corporation, sole proprietorship, partnership, joint venture, etc.). Any supplemental information that Company believes may be pertinent to the selection process may be provided.

About BDO

As a global business advisor, we deliver insight-driven perspectives through a comprehensive array of assurance, tax, and advisory services to help you navigate challenges, uncover opportunities, and adapt to the constantly changing business environment.

BDO USA *

\$2.82

U.S. Revenue

13.3%

Increase over last year

75+

Offices

860

Principals

12,000+

Total Personnel



* BDO USA statistics for the year ended April 30, 2023.

BDO INTERNATIONAL **

\$12.8

Global Revenue

160+

Countries

1,800+

Offices

7,744

Partners and Principals

111,300+

Total Personnel



** BDO International statistics for the year ended September 30, 2022. Locations include exclusive alliances of BDO Member Firms.

- The proposer should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards (1994).

The City's proposed engagement team is independent as defined by current professional standards. We confirm BDO currently has no interest and shall not acquire any interest—direct or indirect—which would conflict in any manner or degree with the performance of our services under the contract.

- The Proposal shall identify any litigation, mediation, or arbitration, regarding the performance of any services similar to the Services, in which the Company has been involved in the past five (5) years. If the Services require a license or certification, the Proposal shall include any claims or disciplinary action taken against Company or any of Company's key personnel within the past five years.

Litigation

During the past five years, BDO USA has been a defendant in a number of actions, proceedings, claims or complaints. The volume of claims and suits is normal level of litigation for a national accounting practice. The ultimate outcome of any claim, proceeding, or lawsuit cannot be predicted with certainty, and sometimes BDO settles these matters to avoid the cost of future litigation. In addition, BDO carries professional liability insurance to protect against costs associated with claims.

The outcome of the matters that have come to a conclusion, either by settlement or otherwise, both individually and in the aggregate, have not had a material adverse effect on the ability of BDO to serve clients, or on the consolidated financial position of BDO.

V.B.C Company Personnel

- This section shall contain names, contact numbers and description of experience, including licenses and/or certifications, of all key personnel who would be assigned to perform the Services. Members of the Company's professional team (managers, contact person, etc.) should be identified by name, title, phone number, and description of the portion of work they will be assigned to perform under this Agreement. Also include major subcontractors (if any) and their degree of involvement in this program. If the Company is including any subcontractors, the Company shall identify how long the Company has worked with the subcontractor.

Project Management Structure

A STREAMLINED STRUCTURE THAT DRIVES BEST VALUE FOR MONEY

BDO can deploy a variety of teams and resources to meet the needs of any particular investigation. We provide our clients with deep technical knowledge, critical forensic investigation techniques, and state and local government industry expertise. BDO prides itself on cost efficiency, which is realized through the efficient use of select experts on each engagement.

BDO establishes a streamlined project management structure for each engagement. Below we have the proposed management structure for this engagement, which can either be expanded, utilizing the thousands of staff resources at our disposal to ensure a comprehensive and timely analysis, or pared down to ensure cost effectiveness.



RESPONSIBILITIES OF THE PROJECT DIRECTOR

As the Project Director, and with extensive knowledge of state and local government operations, Corey will provide oversight on all project activities and reporting. Corey will act as the liaison to City Management, Board of Directors and any sub-committees (e.g., Audit Committee, Risk Committee, etc..).



RESPONSIBILITIES OF THE PROJECT MANAGER

Sly, an expert in forensic investigations, will act as the main point of contact for BDO and will lead the day-to-day operations of the investigation. This includes driving the completion of investigation activities, developing project plans, overseeing project staff, ensuring objectives are met, ensuring timelines/deadlines remain in focus, and deliverables have proper first layer reviews.



RESPONSIBILITIES OF THE INDUSTRY SUBJECT MATTER EXPERT

Nic will provide industry subject matter expertise around the inner-workings of municipal governments. He will also provide a second layer review for all deliverable work products to ensure the high quality of deliverables.



RESPONSIBILITIES OF THE TECHNICAL SUBJECT MATTER EXPERT

David will provide subject matter expertise, both from the forensic analysis and state/local government industry perspectives. As a CFE, David has extensive experience with investigation and risk management techniques. He also regularly advises state and local governments on aspects of financial management, including developing robust financial management systems for billions of ARPA dollars.



RESPONSIBILITIES OF THE STAFF-LEVEL RESOURCES

BDO has access to thousands of staff-level resources which are available to perform analyses, document review and more at an efficient cost to the City.



ceide@bdo.com

Direct: 703-770-1015
Mobile: 571-385-6132

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Tel: 703-893-0600
Fax: 703-893-2766

www.bdo.com

COREY EIDE

Managing Director, Industry Specialty Services

EXPERIENCE

Corey Eide supports clients' investment in resilience. As Director, Industry Specialty Services, Corey serves a wide variety of clients in federal, state, tribal, local, territory government, and nonprofit organizations. Corey works across the competencies and capabilities of BDO to provide tailored services for unique client needs.

Prior to joining BDO, Corey served in leadership roles in nonprofit and international government organizations where he led strategic planning initiatives, change management, and enterprise program design and delivery. Over the past 15 years, Corey has supported capacity building in communities across the US, provided technical assistance following disasters, and served as a senior agency representative to FEMA and the World Health Organization. Corey has overseen the implementation of government grants, designed financial controls, and crafted nimble learning solutions.

Specific examples include the:

- ▶ Creation of government planning guidance
- ▶ Production of INGOs standards and best practices in service delivery
- ▶ Modernization of legacy CRM and financial assistance systems
- ▶ Design and implementation of client experience strategies
- ▶ Implementation of safety standards and procedures

Corey is dedicated to superior client experience and strong partnerships. Corey sees client experience as the foundational of service and has developed partnerships within all levels of government, community-based organizations, faith-based organizations, the private sector, foundations, international NGOs, and the United Nations.

Navigating the circles of academia, policy, and practice is where Corey thrives.

Corey also serves as a Senior Fellow at the Disaster Resilience Leadership Academy at Tulane University.

PROFESSIONAL AFFILIATIONS

International Association of Emergency Managers
International Humanitarian Studies Association
National Voluntary Organizations Active in Disaster

EDUCATION

M.S., International Development, Tulane University
B.A., Communications, California Baptist University



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SLY ATAYEE

Senior Manager, Industry Specialty Services

EXPERIENCE

Sly Atayee is a Senior Manager in BDO's Industry Specialty Services practice, focused on assisting clients with various aspects of forensic and financial analysis. Examples of his in-depth work experiences includes forensic and statistical analysis, fraud investigations, internal control assessments, financial process redesign, complex cost recovery calculations, defective pricing analysis, policy and procedure development and support, and assisting with other various tasks.

Sly has in-depth experience working within the COSO Internal Control Framework and developing robust control systems for a wide range of nonprofit organizations.

Sly has led numerous forensic investigations both domestically in the US, and internationally in Africa, Asia and the Middle East. His experience includes leading project teams in large-scale investigations to quantify potential losses suffered from fraud, waste or abuse and also developing and implementing corrective action plans to ensure fraud risks are properly mitigated and addressed in the future.

Sly also has experience in litigation support, substantiating costs through the collection of supporting documentation, performing data analytics in order to calculate and quantify losses and economic damages, whether suffered through tort, breach of contract, fraud, or misconduct, as well as market analysis for procurement. Many of Sly's engagements have been privileged and were conducted through the client's legal counsel.

PROFESSIONAL AFFILIATIONS

Member, Association of Certified Fraud Examiners

- Sly has passed all parts of the Certified Fraud Examiners exam and is waiting to receive his official license

American Bar Association, Young Lawyers Division

EDUCATION

B.B.A., Finance, Cum Laude, James Madison University

LANGUAGE PROFICIENCIES

Bilingual proficiency in English and Farsi (speaking)



nnunn-faron@bdo.com

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Mobile: 636-485-5297

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Suite 800
St. Louis, MO 63105

Tel: 314-889-1100
Fax: 314-889-1101

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NIC NUNN-FARON, CEM, CSP, CBCP

Senior Manager, Industry Specialty Services

EXPERIENCE

Nic Nunn-Faron serves as Manager in BDO's State & Local Government Advisory practice, where he has the opportunity to apply varied experience in policy development, planning, risk management, and grants administration to meet the resilience and sustainability needs of public, private, and nongovernmental agencies throughout the United States. Over the past 10 years Nic has been charged with the management and oversight of engagements for city, county, state, tribal, territorial, federal government, higher education, and nonprofit organizations.

Nic has managed over a half dozen COVID-19 engagements with state and local governments, developing the strategy, management infrastructure, and oversight for their Stimulus Funds.

He serves as a key resource for the firm's Environmental, Social, and Governance (ESG) Advisory capability develop team, where he is able to utilize his background in sustainable development and enterprise risk management to advance the services by which BDO assists its clients in becoming more resilient against and better stewards of the environment and society. His primary area of focus is in utilizing sustainability reporting principles to assist jurisdictions in implementing infrastructure and development strategies.

Prior to joining BDO, Nic supported program management operations for local municipalities, led technical response operations following natural disasters, served as an agency field liaison to FEMA, coordinated with the United Nations cluster system, and responded as part of over a dozen emergency operations throughout the United States and abroad.

PROFESSIONAL AFFILIATIONS

Global Reporting Initiative, Certified Sustainability Professional (CSP)
International Association of Emergency Managers, Certified Emergency Manager (CEM)
Disaster Recovery Institute International, Certified Business Continuity Professional (CBCP)
International City/County Management Association

EDUCATION

M.S., International Development, Tulane University
B.A., Public Policy/Urban Affairs, Saint Louis University



dclark@bdo.com

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Fax: +703-893-2766

www.bdo.com

DAVID CLARK, CIA, CFE, CRMA

Managing Director, Industry Specialty Services

EXPERIENCE

David Clark is a Managing Director in BDO's Non-Profit Advisory Practice. He advises clients on a wide range of issues including matters of organizational strategy, regulatory compliance, cost allowability and recovery issues, risk management, and internal control and operational assessments. His work includes extensive experience supporting federal funding recipients including colleges and universities, non-profits, research institutions, and government contractors.

David offers over 13 years of experience providing guidance and support for organizations of all sizes in improving compliance, governance, operations, and risk management activities. He often works with clients to evaluate and enhance business processes and control environments, as well as evaluating compliance with federal spending regulations. Prior to joining BDO, David served as a senior audit manager at a leading financial institution and served as a Director in the Higher Education and Research Institutions consulting practice of an international accounting firm. David's deep knowledge of compliance, risk, and controls and industry experience allows him to provide personal, practical solutions for clients.

David's specific experience includes helping organizations:

- ▶ Investigate and resolve matters related to regulatory compliance (including false claims), employee misconduct, misappropriation of funds, fraudulent financial reporting, and whistleblower complaints.
- ▶ Respond to changing regulatory requirements and evaluate regulatory compliance.
- ▶ Assess enterprise risks (including fraud risks) and facilitate discussions with senior leaders regarding mitigation and monitoring of the organization's risk landscape.
- ▶ Evaluate business operations, policies and procedures, and overarching control environments and implement changes that foster enhanced efficiency, effectiveness, and control.
- ▶ Develop, implement, and improve practices related to grants and contracts administration and monitoring.

David also presents at numerous conferences on such topics as regulatory compliance, internal controls, cost allowability, fraud prevention, risk assessments, and corporate governance.

PUBLICATIONS

- ▶ "Emerging Audit Trends - What You Need to Know" NCURA Magazine - August 2015
- ▶ "Emerging Audit Trends - What You Can Do to Prepare" NCURA Magazine - October/November 2015
- ▶ "Best Practices for Building a University Audit Plan" ACUA College and University Auditor Journal - Winter 2020

PROFESSIONAL AFFILIATIONS

Association of Certified Fraud Examiners
Institute of Internal Auditors (Board Member, Northern Virginia Chapter)
National Council of University Research Administrators

EDUCATION

B.S. Commerce (concentrations in Finance and Management), University of Virginia, McIntire School of Business

- An affirmative statement should be included that the proposer and all assigned key professional staff are properly licensed to practice in California.

Where required, our proposed team members have the appropriate licenses and certifications to perform the requested work in California.

V.B.D Disclosure

- Please disclose any and all past or current business and personal relationships with any current Banning elected official, appointed official, City employee, or family member of any current Banning elected official, appointed official, or City employee. Any past or current business relationship may not disqualify the firm from consideration.

We have made appropriate conflict of interest inquiries in accordance with our quality assurance procedures, and can confirm that our appointment by you will not give rise to any conflicts.

V.B.E Evidence and References

- The Proposal must demonstrate that the Company, or its key personnel, meets the minimum experience requirement in #Prerequisites with a legally registered business name, that provides services of a similar type and scope as described in the Scope of Services. A Company shall not have filed for bankruptcy under any business name over the past five (5) years.

III.A Years of experience

Have at least ten (10) years' of experience, within the past ten (10) years under a legally registered business name, in providing services of a similar type and scope as described in the Scope of Services. Have not filed for bankruptcy under any business name over the past five (5) years.

BDO USA, P.C. is a Virginia professional corporation. In our more than 110-year history, BDO has never filed for bankruptcy.

As noted, in our proposed team's resumes, BDO will bring significant experience to this engagement:

- ▶ Corey Eide has over 15 years of exceptional experience, establishing himself as a highly accomplished professional in the field. His extensive expertise and unwavering commitment have made him a trusted leader in the industry.
- ▶ Sly Atayee has over 8 years of invaluable experience at BDO, establishing himself as a highly accomplished Senior Manager in the Industry Specialty Services practice. He has consistently demonstrated his exceptional skills in managing complex investigations and delivering outstanding results. Sly's role as a Senior Manager has involved overseeing a diverse range of projects, including financial advisory, risk management, and business consulting.
- ▶ Nic Nunn-Faron brings 10-plus years experience with BDO managing and overseeing engagements for city, county, state, tribal, territorial, federal government, higher education, and nonprofit organizations.
- ▶ David Clark offers over 13 years of experience providing guidance and support for organizations of all sizes in improving compliance, governance, operations, and risk management activities.

- The Proposal must demonstrate that the Company, or its key personnel, meets the minimum experience requirement in #Prerequisites with a legally registered business name, that provides services of a similar type and scope as described in the Scope of Services. A Company shall not have filed for bankruptcy under any business name over the past five (5) years.

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History of BDO

Since our founding, the BDO story has been one of continuous response to our clients' and peoples' ever-changing needs.

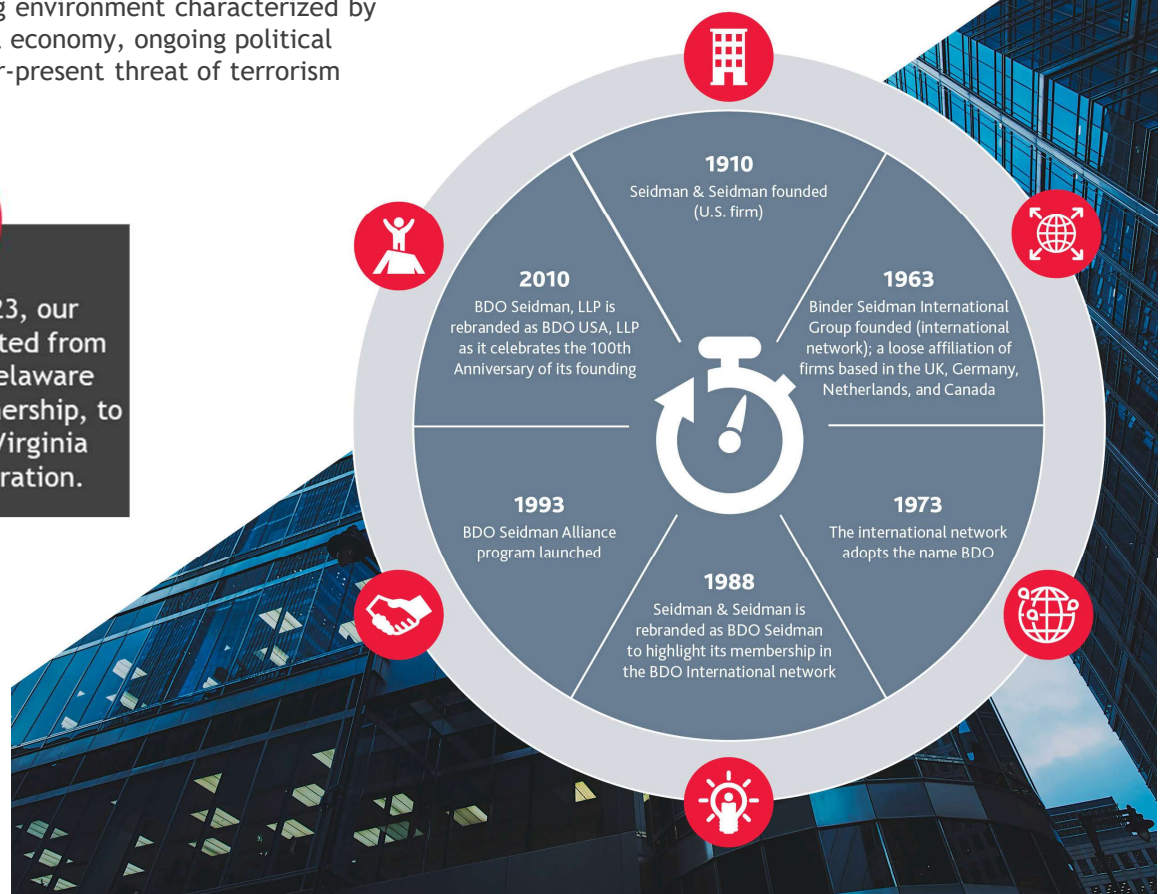
Our history reflects the continuity and stability of a network that has developed so successfully over more than fifty turbulent years. Equally, our partners and staff know that they are working for a well-established organization that is built upon clear values and a successful past.

But for BDO, it does not stop there. We live and operate in a challenging environment characterized by an unpredictable global economy, ongoing political upheavals, and the ever-present threat of terrorism

In common with all businesses, we must take strategic decisions to ensure that we can continue to attract global clients, enter new markets, improve performance, and manage risk. We have invested in global infrastructure technology and are ready—this is what sets us apart from our competitors.

Above all, we will continue to deliver the exceptional client service for which we are known, because this is what differentiates us in our market. Technical excellence is a given, but our exceptional client service program is embedded in our strategy and undertaken on a truly global level.

On August 30, 2023, our organization converted from BDO USA, LLP, a Delaware limited liability partnership, to BDO USA, P.C., a Virginia professional corporation.



- The Proposal must demonstrate that the Company, or its key personnel, meets the minimum experience requirement in #Prerequisites with a legally registered business name, that provides services of a similar type and scope as described in the Scope of Services. A Company shall not have filed for bankruptcy under any business name over the past five (5) years.

III.A Years of experience

Have at least ten (10) years' of experience, within the past ten (10) years under a legally registered business name, in providing services of a similar type and scope as described in the Scope of Services. Have not filed for bankruptcy under any business name over the past five (5) years.

Public Sector Industry Credentials

THOUGHT LEADERSHIP AND CLIENT EDUCATION

We demonstrate our knowledge and experience in our relevant client work and thought leadership – from proprietary research to timely reports and industry events, BDO is at the forefront of the public sector conversation and believe in the power of industry participation. Many of our practice professionals are in the field with our clients, author articles on salient issues, and comment on breaking news. We are speakers at industry conferences and seminars, are active in organizations and trade associations, and serve as resources for trade publications.

Our goal is to bring perspective on opportunities, trends, issues and regulations that frame our approach and services to address our clients' needs.

Publications and technical updates

We share our knowledge through a variety of thought leadership, keeping you abreast of relevant news and hot topics that go beyond balance sheets and financial statements.

- ▶ **BDOKnows** – series of newsletters, flash reports and in-depth discussions addressing significant financial reporting developments.
- ▶ **Public-Private Partnership (P3s)** – Drawing upon our P3 practice's 20+ year history, BDO's mobilization process can capture the unique nuances to develop tailored strategies to win alignment and approval for your development goals.
- ▶ **Significant Accounting and Reporting Matters Guide** – quarterly digest of final and proposed financial accounting standards.
- ▶ **GASB, FASB, and Single Audit Flash Reports** – information about selected developments and emerging issues are immediately e-mailed to BDO professionals for timely communication to clients.

- ▶ **Tax Newsletters and Alerts** – updates on federal, state, local, expatriate, and international developments along with other specific tax planning and strategy considerations.
- ▶ **Industry Newsletters, Alerts, Reports, Proprietary Studies, Infographics, and Surveys** – a variety of publications depicting specific industry issues, emerging trends, and developments.

Topical resources available for our clients, include:

- ▶ **Community Infrastructure Act:** [Community Infrastructure](#)
- ▶ **Community Resilience:** [Community Resilience](#)
- ▶ **Innovation and Transformation:** [Business Innovation](#)
- ▶ **Corporate Governance and Financial Reporting:** [Corporate Governance](#)
- ▶ **Single Audit:** [Frequently Asked Questions](#)
- ▶ **OMB Uniform Guidance**
- ▶ **The Latest in COVID-19 Funding Compliance Guidance**



- The Proposal must demonstrate that the Company, or its key personnel, meets the minimum experience requirement in #Prerequisites with a legally registered business name, that provides services of a similar type and scope as described in the Scope of Services. A Company shall not have filed for bankruptcy under any business name over the past five (5) years.

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Have at least ten (10) years' of experience, within the past ten (10) years under a legally registered business name, in providing services of a similar type and scope as described in the Scope of Services. Have not filed for bankruptcy under any business name over the past five (5) years.

Fraud, Investigations, & Disputes



We provide exceptional service for exceptional circumstances. When scrutiny is most intense, organizations must not only determine the facts, but also determine them quickly.

FORENSIC ACCOUNTING & INVESTIGATIONS

BDO's forensic accounting professionals provide strategic guidance to organizations across the country and around the world, helping them resolve high-stakes matters involving fraud and corruption, accounting irregularities, and a wide variety of compliance issues.

Our forensic accounting services include:

- ▶ Corporate Investigations
- ▶ Anti-Bribery and Corruption Investigations
- ▶ Fraud Prevention
- ▶ Global Investigations
- ▶ Government Investigations
- ▶ Fraud Analytics
- ▶ Books and Records Review
- ▶ Due Diligence
- ▶ Anti-Money Laundering Law (AML), Bank Secrecy Act (BSA), and Office of Foreign Asset Control (OFAC)
- ▶ Post-acquisition Disputes
- ▶ Monitorships
- ▶ Damages Analysis

- Company shall provide at least 3 references, within the past 5 years, of clients for whom services have been performed that are comparable in quality and scope to that specified in this RFP. The references shall include client names, addresses, telephone numbers and e-mail addresses of the clients for whom prior work was performed and include an explanation of the services provided along with project start and end dates.

Client References

Below is a selection of prior engagements showing our technical abilities and quality of service. We invite you to reach out to hear what our clients have to say themselves. Please note that much of our investigation work is done under attorney-client privilege and therefore we are limited in which clients we can disclose in this service area.

ORGANIZATION	NAME / TITLE / CONTACT NUMBER	DESCRIPTION OF THE WORK PERFORMED
State of West Virginia 1900 Kanawha Boulevard, East Charleston, WV 25305	Ann Urling Deputy Chief of Staff Office of Governor Jim Justice ann.v.urling@wv.gov Phone - (304)-558-2000	• Assisted with the implementation of \$4 billion+ of CARES/ARPA funds, including installing a robust risk management program and system of internal controls for the tracking and distribution of government funds • Performed cost review/forensic analysis of ARPA grant funds to detect unallowable or fraudulent costs - regularly reported findings to Governor's office and provided guidance on proper risk management procedures • Assisted with responding to Inspector General inquiries and desk reviews/audits
Fairbanks North Star Borough 907 Terminal Street Fairbanks, AK 99701	Jim Williams Chief of Staff jim.williams@fnsb.gov Phone - (907)-459-1305	• Uncovered fraudulent activity within small business grant programs • Assisted with quantifying and assessing instances of fraud • Provided control remediation measures to mitigate future risks of fraud
Feed the Children 333 N. Meridian Oklahoma City, OK 73107	Christy Tharp Chief Financial Officer christy.tharp@feedthechildren.org Phone - (405)-945-4040	• Performed investigation of procurement procedures following allegation of kickbacks at local field office • Performed Fair Market Analysis to establish reasonable pricing for purchased items to assess potential for fraud/waste/abuse • Completed Internal Control Assessment to ensure control gaps were filled
Planned Parenthood Global 26 Bleecker St, New York, NY 10018	Hilary M. Castillo (Currently at Start NY) Former Vice President, Global Operations at PPFA Chief Operating Officer HCastillo@StartNY.org Phone - (929)-722-1398	• Conducted investigation of procurement practices following allegation of conflicts of interest at local field office • Completed Internal Control Assessment to ensure control gaps were filled
International Relief and Development (now known as Blumont) 1621 N Kent Street Arlington, VA 22209	Vladan Ilic (Currently at Winrock International) Former Assistant Vice President, Finance at Blumont Senior Director, International Controller at Winrock Vladan.Ilic@winrock.org Phone - (703)-209-6788	• Led numerous investigations on behalf of the organization with its field operations to determine if waste, fraud, or abuse exists and/or if there is high likelihood for such behaviors • Assessments required vendor and beneficiary procedures and calculations and potential irregularities.

Attorney References

As mentioned on the previous slide, much of our investigations work is done under the privilege of outside legal counsel. We invite you to reach out to our valued attorney contacts below for more information on our qualifications. Out of respect for them and their/our client's privacy, we ask that specific client details not be requested, or those requests be limited. BDO will of course show the same discretion for the City should it be awarded this bid.

ORGANIZATION	NAME / TITLE / CONTACT NUMBER
Venable LLP (LAW FIRM) 600 Massachusetts Ave NW Washington, DC 20001	Dismas Locaria Partner Dlocaria@Venable.com Phone - (202)-344-8013
Crowell and Mooring LLP (LAW FIRM) 1001 Pennsylvania Avenue NW Washington, DC 20004	Peter Eyre Partner PEyre@crowell.com Phone - (202)-624-2807
Wiley LLP (LAW FIRM) 2050 M Street NW Washington, DC 20036	Brian Walsh Partner bwalsh@wiley.law Phone - (202)-719-7469
Bass, Berry & Sims PLC (LAW FIRM) 1201 Pennsylvania Avenue NW Washington, DC 20004	Todd R. Overman Member toverman@bassberry.com Phone - (202)-827-2975

Appendix

BDO Considerations of the City's Sample Agreement

Proposed Changes to the Contract - BDO USA

BDO USA ("BDO") has reviewed the City of Banning's (the "City") Request for Proposal - Citywide Forensic Accounting and Investigation Services - RFP-23-040 (the "RFP"). We have provided below some exceptions to the City's Professional Services Agreement (the "Agreement") for your consideration and are confident that in the event that BDO is awarded any portion of the work as the result of the current RFP, we can reach mutually-agreeable terms that combine the needs of both the City and BDO. Notwithstanding anything to the contrary set forth in the RFP, the parties agree that any services shall be subject to such mutually agreeable terms rather than the Agreement.

General Provisions (Section VI, B)

1. Compensation and Method of Payment (Article 2)
 - a. We would like to add standard non-payment remedies to this section.
2. Schedule of Performance (Section 3.2)
 - a. We would like to clarify in this section that BDO's services are contingent upon the timely cooperation of the City and its personnel.
3. Prohibition Against Subcontracting or Assignment (Section 4.5)
 - a. We would like to discuss edits to this Section that would allow personnel from a BDO subsidiary to work on this engagement.
4. Insurance, Indemnification and Bonds (Article 5)
 - a. BDO is generally able to agree to the insurance coverage provisions of Sections 5.1-5.2, but we would also need to make certain edits to conform with BDO's insurance coverage.
 - b. We would like to remove Section 5.3.A as inapplicable to the contemplated services.
 - c. As BDO's services are intended solely for our clients and not for third parties, we do not typically give broad indemnities to our clients to cover claims brought by third parties. Accordingly, we cannot agree to the indemnity in Section 5.3.B(1), but we'd be happy to work on a compromise.
 - d. As is standard for our professional services and industry, BDO would like to discuss certain applicable indemnities that we receive from our clients for our professional services.
 - e. Limitation of liability: BDO would also like to discuss including language in the Agreement to the effect that, absent a party's fraud or intentional misconduct, both parties should be responsible for only direct and compensatory damages, and that BDO's total liability under the agreement be limited to some mutually agreeable amount.
5. Ownership of Documents (Section 6.3)
 - a. We would like to clarify in this section that the City will own BDO's final deliverables.
 - b. We would like to include a provision in this section that states that BDO retains ownership of our internal work papers that support and substantiate our services and include items such as work programs and analyses that do not constitute part of the deliverables to the City.
6. California Law (Section 7.1)
 - a. BDO's strong preference is to resolve disputes through binding arbitration. We would like to discuss whether the City would consider a binding arbitration provision. If no, we can agree to resolve disputes by a bench trial, subject to a standard jury trial waiver.

BDO USA refers to BDO USA, P.C., a Virginia professional corporation, also doing business in certain jurisdictions with an alternative identifying abbreviation, such as Corp. or P.S.C.

BDO Considerations of the City's Sample Agreement Cont.

1. Liquidated Damages (Section 7.7)
 - a. We would like to confirm that this section is not applicable.
2. Termination Prior to Expiration of Term (Section 7.8)
 - a. As is standard in BDO's professional services and industry, we would like to include a termination term that would allow either party to terminate the agreement if required by professional standards or applicable law/regulation.
3. Attorneys' Fees (Section 7.10)
 - a. We would like to remove this provision. BDO cannot agree to reimburse the City for its attorneys' fees incurred in the enforcement of any remedies under the Agreement.
4. Conflict of Interest (Section 8.2)
 - a. Because BDO is a large professional services firm with operations throughout the U.S., we would like to limit this provision to the principals and employees providing services under the Agreement.

Additional Terms and Conditions

As a public accounting firm and consistent with industry standards, BDO would need the Agreement to include some of BDO's standard engagement letter terms which include, among other provisions, terms that reflect BDO's professional standards, including certain terms required under AICPA guidance. Upon request, we would be happy to provide the City with a template of our standard engagement letter for your review. This letter includes the following provisions:

1. City Materials
 - a. We would like to include a provision that clarifies that BDO is entitled to rely on all representations, assumptions, information and data supplied by the City (the "City Materials") and that the City is authorized to provide BDO with all such City Materials.
2. Third-Parties and Use
 - a. BDO's standard agreements contain a provision that clarifies that our services are strictly for our client's use only and that third parties are not permitted to rely in any manner on our services.
3. Subpoenas
 - a. We would like to discuss including the standard provision that, in the event of a subpoena or other legal process, the City will compensate BDO for our reasonable, documented time incurred in responding to such subpoena and related reasonable out-of-pocket expenses.
4. Email Communications
 - a. We would like to discuss adding a standard provision whereby BDO disclaims liability for the interception or unintentional disclosure of email transmissions.
5. External Computing Options/Licensing Representation
 - a. BDO would like to discuss whether, as part of the project, the City will request BDO to use third-party, external computing options or software and adding standard provisions to cover the use of such options.
 - b. Additionally, if the services will require the use of such external computing options or software, we would request a representation from the City that it has obtained all licenses and authorizations necessary to allow BDO to access such options or software.
6. Restricted Federal Data

BDO Considerations of the City's Sample Agreement Cont.

- a. BDO would like to include a provision clarifying that the services will not involve the processing of data subject to federal laws, regulations or government-wide policies that require safeguarding or dissemination controls.
- 1. Other Applicable Provisions
 - a. BDO Responsibilities
 - b. Client Responsibilities
 - c. Consent for Disclosure
 - d. Intellectual Property

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms: www.bdo.com

Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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A photograph of three women in a professional setting, likely a meeting. The woman on the left is seen in profile, wearing glasses and a light-colored top. The woman in the center is facing slightly right, wearing a grey jacket over a white top. The woman on the right is facing left, wearing a dark blazer and gesturing with her hands. They are standing in front of a large window with a grid pattern. A diagonal grey overlay covers the left side of the image.

A PROPOSAL TO PROVIDE
PROFESSIONAL SERVICES FOR:

City of Banning, CA

NOVEMBER 28, 2023

Pricing Form

CITY OF BANNING FORENSIC INVESTIGATION AND ACCOUNTING SERVICES										
DISCRIPTION / YEAR						COMPANY NAME > BDO USA, P.C.				
Phase 1						Phase 2 (if applicable)				
% BY						% BY				
HRS	RATE	HOURS	%BY COST	TOTAL		HRS	RATE	HOURS	%BY COST	TOTAL
Partners	0.0	\$265.00	0.00%	\$0.00	\$0.00	0.0	\$265.00	#DIV/0!	#DIV/0!	\$0.00
Managers	180.0	\$265.00	33.33%	0.340957827	\$47,700.00	0.0	\$265.00	#DIV/0!	#DIV/0!	\$0.00
Supervisory Staff	360.0	\$220.00	66.67%	0.566118656	\$79,200.00	0.0	\$220.00	#DIV/0!	#DIV/0!	\$0.00
Staff	0.0	\$200.00	0.00%	0	\$0.00	0.0	\$200.00	#DIV/0!	#DIV/0!	\$0.00
Other	0.0	\$200.00	0.00%	0	\$0.00	0.0	\$200.00	#DIV/0!	#DIV/0!	\$0.00
SUB TOTAL	540.0				\$126,900.00	0.0				\$0.00
Out of Pocket Expenses:					\$13,000.00					\$0.00
TOTAL BY YEAR					\$139,900.00					\$0.00
GRAND TOTAL					\$139,900.00					

BDO includes its hourly rates for Phase 2 (and beyond); however, an accurate cost estimate for Phase 2 costs can only be provided at the conclusion of Phase 1, when the activities required for Phase 2 will be known.

BDO will be charging travel costs including airfare, hotel, meals, and rental cars. Rates will not exceed the IRS current rates.

Phase 1 Travel	
Airfare	\$ 4,500
Hotel	\$ 6,000
Meals	\$ 1,500
Rental Car	\$ 1,000
Estimated Number of Days Onsite	10
Total	\$ 13,000

Fee Assumptions

COST ESTIMATES/PROFESSIONAL HOURLY RATES

For Phase 1, we have completed the excel sheet (provided by the City) and included our total maximum cost estimate. An accurate cost estimate for Phase 2 costs can only be provided at the conclusion of Phase 1, when the activities required for Phase 2 will be known. Below are our standard average hourly bill rates which will be used to price future scopes of work (e.g, Phase 2 and beyond). We evaluate these rates each year to take inflation and salary increases into consideration. We do not anticipate more than an 8% annual increase.

Professional Level	Hourly Rates
Principal/Director	\$265
Senior Manager	\$265
Manager	\$240
Senior Associate	\$220
Associate	\$200

ASSUMPTIONS

Our Phase 1 fee estimate is based on the following assumptions:

- ▶ A maximum 4 months of scope for investigation services.
- ▶ 10 days of onsite work and the remainder of days being remote work.
- ▶ Hotel, airfare, rental car and meals for 2 BDO personnel traveling to the City of Banning.
- ▶ Key documents are provided on the dates agreed and there are no significant delays outside of our control.
- ▶ Your personnel prepare schedules and analyses as requested and are available to assist us as needed.
- ▶ Prior year workpapers will be made available for our review.
- ▶ Financial statements and supporting schedules for all entities are prepared in-house by management.
- ▶ No significant changes occur in the internal accounting controls, accounting systems, key personnel, or structure of the organization.
- ▶ Read-only access to the City's financial reporting and payment systems.

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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