



Proposal to Provide Professional Services for **City of Stockton, CA**

Internal Auditing Services

November 20, 2025

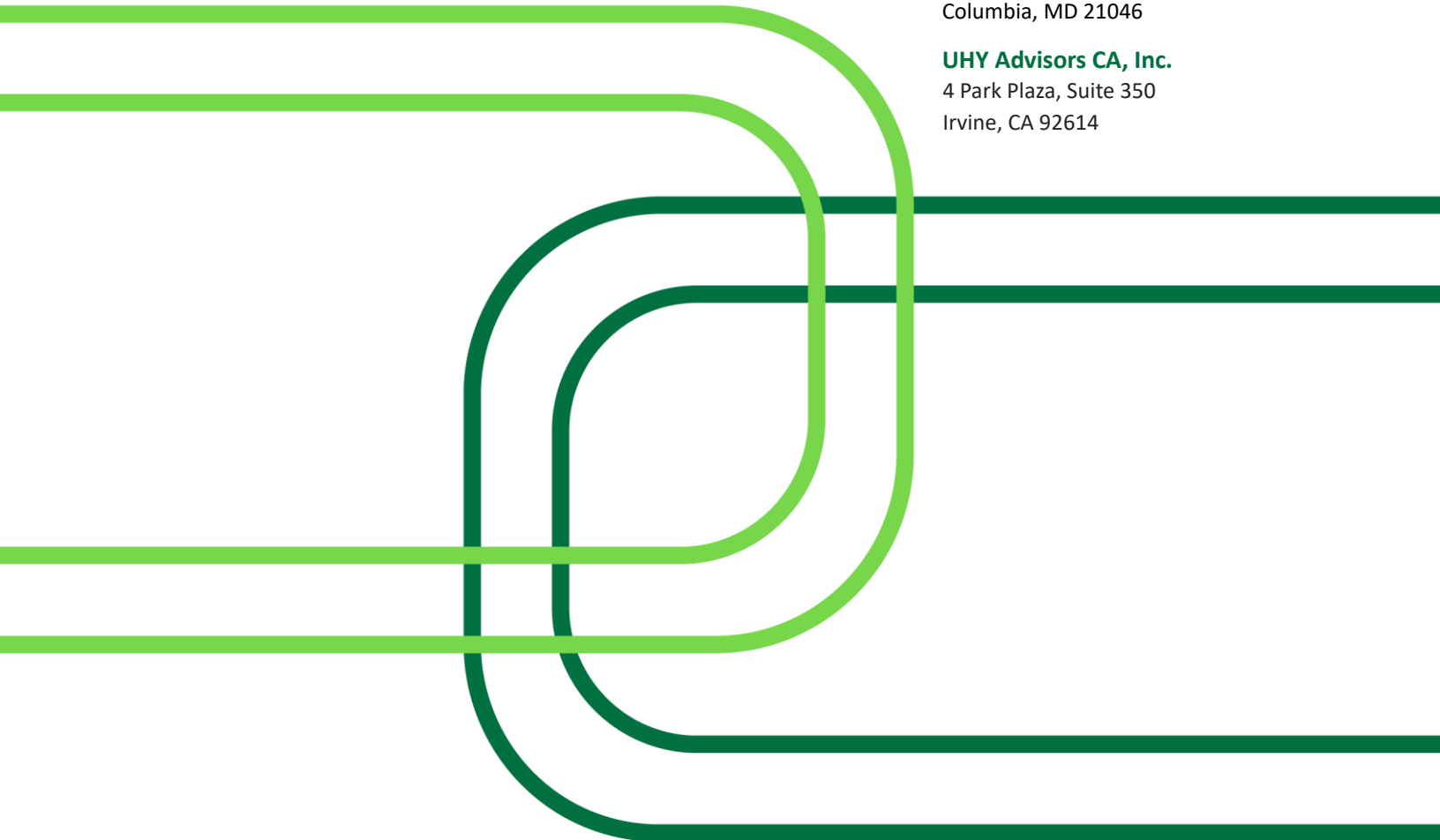
RFP# PUR 26-016

TECHNICAL PROPOSAL

Jack Reagan, Managing Director
410 423 4832 | jreagan@uhy-us.com

UHY Advisors Mid-Atlantic, Inc.
8601 Robert Fulton Drive, Suite 210
Columbia, MD 21046

UHY Advisors CA, Inc.
4 Park Plaza, Suite 350
Irvine, CA 92614



Contents

COVER LETTER & EXECUTIVE SUMMARY	1
5.1 QUALIFICATIONS AND EXPERIENCE	3
5.2 METHOD OF APPROACH	27
5.3 PRICE SHEET	42
ATTACHMENT B - PROPONENT’S COVENANT	44
ATTACHMENT C - NON-COLLUSION AFFIDAVIT.....	45
ATTACHMENT D – AGENCY REFERENCE FORM	46
ATTACHMENT E – CERTIFICATION OF FINANCIAL CONDITION	47
ATTACHMENT G - SUBCONTRACTOR LIST	49
ATTACHMENT H - EXCEPTIONS.....	50
ADDENDA	51

Disclaimer:

Please note that while the Request for Proposal references “Auditing” Services, UHY is NOT being engaged for any “Audit” or “Attest” work within the meaning of the AICPA rules and regulations. This engagement specifically EXCLUDES any “Audit” or “Attest” work. Rather, this is consultative accounting work which will be conducted in accordance with the terms of this engagement and proposal response.





UHY Advisors Mid-Atlantic, Inc.
8601 Robert Fulton Drive, Suite 210
Columbia, MD 21046

UHY Advisors CA, Inc.
4 Park Plaza, Suite 350
Irvine, CA 92614

uhy-us.com

COVER LETTER & EXECUTIVE SUMMARY

November 20, 2025

Jason Farrow, Procurement Specialist
City of Stockton, CA
425 N El Dorado St,
Stockton, CA 95202

Dear Mr. Farrow,

Thank you for allowing UHY Advisors Mid-Atlantic, Inc. (UHY) to submit its proposal to provide professional services to the City of Stockton (City). We understand that following the recent departure of the City's previous internal audit provider, the City is seeking a seamless transition of its internal audit function. **UHY is prepared to assume this role with continuity, responsiveness, and deep municipal expertise.** We are committed to delivering exceptional services that ensure compliance, enhance transparency, and provide actionable recommendations to support the City's needs.

UHY brings more than just technical compliance. We bring a strategic, collaborative mindset that helps the City of Stockton strengthen internal controls, improve operational efficiency, and enhance public trust. Our team's deep municipal experience, combined with our data-driven approach and commitment to transparency, ensures that every engagement delivers value beyond the audit report.

1. For this engagement, we propose Jack Reagan, CPA, CICA, Managing Director, as the engagement lead, with over 35 years of experience auditing governmental entities. He has led numerous internal audits and reviews for counties and municipalities, ensuring compliance with GAGAS, AICPA, and COSO standards. Supporting Jack is Reina Hernandez, CIA, CRMA, Consulting Manager, with 15 years of experience in public sector audits, specializing in procurement compliance, fraud detection, and data analytics. We also have a CFE on the team, Shannon Castillo, who brings a decade of experience in risk and compliance management, accounting and procurement, forensic examinations, internal audit, and data analysis. Collectively, they offer deep expertise and hands-on leadership for a high-quality, risk-focused audit. We also propose to utilize **ThirdLine** as a subcontractor, a leading provider of data analytics, to enhance audit efficiency through their database of over 200 analytics, ensuring thorough and cost-effective forensic analysis. Additionally, they bring extensive expertise in Tyler Enterprise ERP System powered by Munis (Tyler Munis). We have successfully partnered with them on many other projects of this nature.

2. Our mailing address can be found in the upper right corner of this letterhead. Jack Reagan will be the main point of contact for UHY and can be reached at 410 423 4832 or jreagan@uhy-us.com

3. We bring the following distinguishing characteristics:

- **Extensive Government Experience:** With over 60 years of experience serving governmental organizations and the private sector, UHY has delivered internal audit services for more than 20 years to cities, counties, and municipal agencies nationwide. Our California internal audit clients include the City of Los Angeles Office of

the Controller, LA Economic & Workforce Development Department, LA Department of Building and Safety, LAUSD, Orange County, Harbor Department (Port of LA), and Riverside County. We have also secured a contract with San Bernardino County to provide compliance audit services.

- **Northern California Experience:** UHY has an active presence in Northern California, having secured financial statement audit engagements with Merced County Employees' Retirement Association (MercedCERA), Kern County Employees' Retirement Association (KCERA), California Department of Human Resources Savings Plus Program, all headquartered in the region. These projects reflect our familiarity with Northern California's operational landscape and our ability to deliver regionally informed, responsive services.
- **We Know the Golden State:** Our team maintains deep familiarity with the statutes, regulations, and audit standards governing operations within the State of California, ensuring full compliance and alignment with GASB, GAO, and GAGAS requirements.
- **Flexible & Responsive:** Our hybrid approach (in-person and hybrid) allows us to mobilize and respond swiftly to your requirements, and to adapt to changing circumstances, delivering customized solutions aligned with City objectives.
- **Collaborative Approach:** We will work closely with you, providing workpapers, flowcharts, and recommendations in City-approved formats, ensuring synergy with external auditors and compliance with IIA, GASB, GAO, AICPA, and federal audit standards.
- **Continuity & Transition Readiness:** As we previously mentioned, UHY is prepared to seamlessly assume responsibilities following the previous firm's departure, ensuring uninterrupted service and retention of institutional knowledge. We will work proactively to minimize disruptions, streamline onboarding, and make the transition as effortless as possible for City staff and Council members, allowing them to stay focused on priorities while we handle the details.

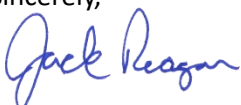
4. We acknowledge receipt of Addendum #1, dated October 30, 2025, and Addendum #2, dated November 5, 2025.

5. This proposal and all its contents, including the fee proposal, are valid for a period of 120 days.

We take no exceptions to the terms, conditions, and specifications of the RFP and can meet your insurance requirements. As a Managing Director of the firm, I am authorized as an individual to contractually bind UHY Advisors.

We emphasize and value the relationships we have developed with our clients and look forward to developing the same prosperous relationship with the City. If you have any questions, please contact me directly at jreagan@uhy-us.com or 410 423 4832.

Sincerely,



Jack Reagan, CPA, CICA

Managing Director, UHY Advisors Mid-Atlantic, Inc.

5.1 QUALIFICATIONS AND EXPERIENCE

1. Describe how your firm is organized, noting major divisions and any parent/holding companies, as well as a brief history of the firm and all personnel potentially to be involved in the project, including all sub-consultants. Designate the Principal in Charge and other key personnel. Include résumés. Also, provide a description of the experience your firm has had with similar processes.

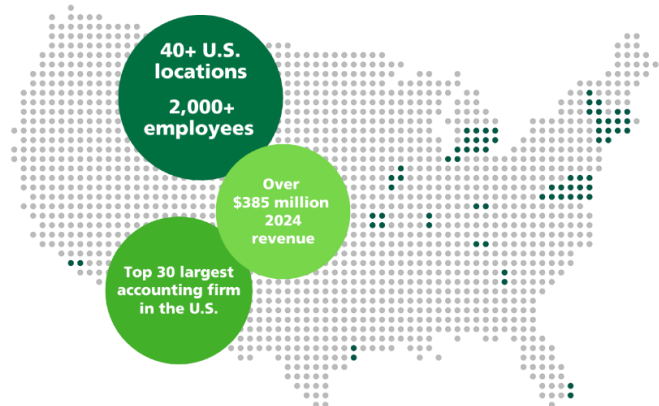
Description and History of the Firm

UHY was established in 1964. UHY Advisors, Inc. and its subsidiaries provide tax and business consulting services. UHY LLP is a licensed CPA firm that offers audit and other attest services to public and private companies and governmental organizations.

Today, we are a top 30 U.S. accounting firm with revenues of over \$385 million and 2,000+ employees. Over 20 percent of our professionals are consultants, and over 30 percent of our employees are auditors. Internationally, we are a top 20 accounting firm with 10,000+ employees. Even though our practice is structured differently from some other CPA firms, you will find that we provide all our services seamlessly. We call our philosophy *The Next Level of Service*. Our clients tell us it's what sets us apart. Our commitment to client service is personable, value-added, and cost-effective. Our goal is to exceed our clients' expectations on every engagement. We make our national resources available to meet your every need.

UHY's professionals bring industry experience, including state and local government, real estate, not-for-profit, higher education, employee benefits, government contracting, manufacturing and distribution, construction, and technology. Our client service model is based on a proactive style and passionate spirit that has allowed us to help our clients enhance growth, avoid financial pitfalls, and reduce costs amidst ever-changing economic conditions.

We pride ourselves on being a learning organization and strive to keep our clients and staff abreast of the evolving relevant industry topics. We work diligently to produce regular news alerts and newsletters on the



Distinguishing Characteristics

- National municipal audit and advisory practice
- More than 60 years of experience providing auditing and advisory services for the municipal industry
- Partners and senior executives serving you with an average of 20 years of experience
- A commitment to engagement team continuity
- Hands-on partner involvement and more partner attention
- In-depth technical and industry-specific expertise
- Economical fee structure

industry's latest accounting, legislative, regulatory, tax, valuation, and operational issues. Throughout the year, we host training sessions for staff and technical seminars for clients. These resources are available to clients and their support teams so that they can run their organizations at peak performance.



Our firm is organized under an alternative practice structure:

- UHY LLP, a licensed independent CPA firm, provides audit and attest services
- **UHY Advisors, Inc.** and its subsidiaries provide tax and business advisory services
- UHY Consulting, Inc. provides business consulting services, including resource solutions, software solutions, transformation solutions, and technology, risk, and compliance

In November 2024, UHY Advisors, Inc. received a growth investment from Summit Partners. This investment will support the continued expansion of UHY's team, technology, and best-in-class client service offerings while helping to accelerate both organic and acquisition-driven growth. This funding represents UHY's first institutional capital, signaling a significant milestone in the firm's growth and strategic development. UHY LLP's ownership structure had no changes regarding the Summit Partners investment.

UHY Advisors, Inc. and UHY LLP are member firms of UHY International, one of the world's largest professional service organizations with 10,000+ employees. In the U.S., we have 2,000+ employees.

Serving California

Our office in California is located in Orange County. **UHY established its Irvine, CA office in 2016** and has been providing audit, tax, and consulting services to its clients in California and internationally. During this time, we've expanded our reach into the Southern California marketplace, having secured many new projects of late. We are also proud to have been awarded one of the *Best Places To Work* by the Orange County Business Journal in 2025.

Our firm is committed to increasing its footprint in California and operates from its Orange County office in Southern California. **Your proposed team brings extensive**



knowledge of California municipal finance laws and regulations, having served its California client base.

UHY holds the City of Los Angeles' Office of the Controller's Audit, Review, Consulting, and Related Services Master Service Agreement (MSA) contract. For the **City of Los Angeles**, we are the preferred compliance monitor for the Economic & Workforce Development Department (EWDD). For the **Los Angeles Department of Building and Safety**, we have also audited the quality and integrity of Soft Story and Non-ductile Concrete building data. Our review included an assessment of existing and potential risks to data integrity throughout the data lifecycle, an assessment of internal controls on data integrity, and analytics on reports, manual spreadsheets, and systems to identify and determine the root cause of data inaccuracies and inconsistencies. As a result of our review, we provided recommendations for process and control improvements and developed corrective action plans to address existing data integrity issues and prevent future occurrences of erroneous data and reporting. UHY team is also providing focused ARPA compliance review services for **San Bernardino County, CA**, and internal audit services for **Riverside County, CA**. In addition, we have secured an internal audit engagement with **Riverside County** and are currently holding the Master Agreement Services with **Orange County**. Recently, we have been selected by the **City of Los Angeles, Harbor Department (Port of LA)** for Audit and Consulting Services Bench related to performance audits, compliance reviews, construction audits, IT audits, and management assessments. In addition, UHY has, for the second time, secured the Internal Audit Bench for **the Los Angeles Unified School District (LAUSD)**.

In the past year, UHY has secured professional auditing services for several public agencies across California, including **Merced County Employees' Retirement Association (MercedCERA)** and the **California State Teachers' Retirement System (CalSTRS)**, both based in **Northern California**. These engagements reflect our growing presence and familiarity with the region's regulatory and operational landscape. We have also provided services to the **Kern County Employees' Retirement Association (KCERA)** and the **California Department of Human Resources Savings Plus Program**.

Personnel

We have assembled a select, experienced team to serve on this engagement to ensure the right mix of expertise. Our team includes a director and senior-level professionals who will ensure that our services are efficiently provided when working with the City. We have a staff of professionals with the education, experience, and credentials to impact the City positively. We have experience from a variety of corporate and government entities. We possess advanced degrees and professional designations related to internal control that will prove valuable to the City. This dedicated group of professionals will work closely to ensure that our services are conducted as smoothly as possible and according to the timetable.

Resumes

Jack Reagan will be the Managing Director in charge of the engagement. Resumes for team members are provided on the following pages:



Jack Reagan, CPA, CICA
 Managing Director
 410-423-4832 | jreagan@uhy-us.com

Jack Reagan leads the firm's State and Local Government Consulting Practice, bringing close to four decades of professional experience to the role. Throughout his career, Jack has worked with some of the largest local governments both locally and nationally, including Wilmington, DE; Washington, DC; Metro Nashville/Davidson County; New York City; and the states of Delaware, New York, Texas, California, and Florida. His extensive background underscores his dedication to advancing state and local government operations.

He specializes in local government administration, grants management, crisis response management and recovery, FEMA processes, strategic planning, and policy development and implementation. He has collaborated with Thompson Grants to deliver educational webinars on grants management and has pioneered a comprehensive approach to managing COVID-19 relief funds, effectively combining community engagement and partnerships to assist clients with ARPA fund management.

Jack is an active presenter on governmental accounting and auditing topics, frequently speaking at the Maryland Society of CPAs Government Day and various CPA chapters across Maryland. Jack's contributions to the field demonstrate his ongoing commitment to education and professional excellence.

He is a Certified Public Accountant (CPA) and a Certified Internal Controls Auditor (CICA). He is also a member of several distinguished organizations, including the American Institute of Certified Public Accountants, the Virginia Society of Certified Public Accountants, the Maryland Association of Certified Public Accountants, the Association of Government Accountants, the Association of School Business Officials, and the Government Finance Officers Association. He holds a Bachelor of Science in Business Administration with a concentration in Accounting from the University of Richmond.

Representative List of Internal Audit and Forensic Clients

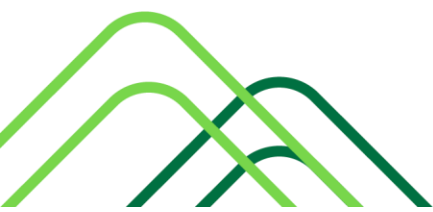
- Atlanta Public Schools (GA)
- City of Gainesville, FL
- City of Glendale, AZ
- **City of Los Angeles, CA**
- City of Miami, FL
- City of Miami Beach, FL
- City of Wilmington, DE
- **Harbor Department (Port of LA)**
- Historic St. Mary's City Commission (MD)
- **LA Unified School District (LAUSD)**
- Maricopa County, AZ
- Maryland State Retirement Agency
- Northumberland Co., VA
- **Orange County, CA**
- **Riverside County, CA**
- **San Bernardino County, CA**
- Sarpy County, NE
- Prince William County Public Schools (VA)
- Town of Richlands, VA

Representative List of ARPA Clients

- Anne Arundel County, MD
- Cass County, MO
- City of Bristol, CT
- City of Chattanooga, TN
- City of Chelsea, MA
- City of Chester, PA
- City of Detroit, MI
- City of Murfreesboro, TN
- City of Surprise, AZ
- City of Wilmington, DE
- Franklin County, MO
- Sarpy County, NE
- State of Delaware
- Upper Darby Township, PA
- Town of Wallingford, CT
- Tucson, AZ
- Upper Darby Township, PA

Other Relevant Clients Served

- Hillsborough County, FL
- Pasco County, FL
- City of Alexandria, VA
- District of Columbia
- Fairfax County, VA
- Maricopa, AZ
- Montgomery County, MD





Reina Hernandez, CIA, CRMA

Consulting Manager

410-423-3502 | rhernandez@uhy-us.com

Reina Hernandez is a consulting manager at UHY's Columbia office, specializing in internal audits for government entities. With nearly two decades of experience, she has demonstrated expertise in conducting internal audits, internal control assessments, operational and compliance reviews, enterprise risk management, and risk and compliance services. Reina is dedicated to supporting government entities in achieving financial integrity and operational excellence.

She is highly skilled in accounting functions, policy evaluation, and procedural documentation for both local governments and for-profit companies. Her extensive experience includes providing guidance, assurance services, and process improvement recommendations that address the unique challenges faced by governmental organizations. She is a trusted professional in her field, committed to fostering financial accountability and transparency.

Reina is a Certified Internal Auditor (CIA) and holds a Risk Management Assurance (CRMA) certification. She is also a member of the IIA, ALGA, and GFOA. Additionally, she serves on the Education Committee of the Association of Local Government Auditors, reflecting her dedication to professional development within her industry.

She earned her Bachelor of Business Administration in Finance, with a minor in Accounting, from the University of Texas at Austin. She remains deeply committed to advancing the success of her clients and contributing to the field of internal auditing.

Representative List of Internal Audit and Forensic Clients

- Atlanta Public Schools (GA)
- City of Augusta, GA
- City of Avondale, AZ
- City of Edmond, OK
- City of Gainesville, FL
- City of Glendale, AZ
- City of Hopewell, VA
- City of Los Angeles, Economic & Workforce Development Department (EWDD), CA
- City of Petersburg, VA
- Frederick County, MD
- Historic St. Mary's City Commission (MD)
- Maryland State Retirement Agency
- Metropolitan Nashville and Davidson County
- Prince William County Public Schools (VA)
- Sarpy County, NE
- Texas State Auditor's Office
- Texas Water Development Board
- Town of Richlands, VA
- Waukesha County, WI



Shannon Castillo, CFE
 Consulting Manager
 410-423-3017 | scastillo@uhy-us.com

Shannon Castillo serves as a consulting manager within the Audit and Assurance Department of UHY's Columbia office. With a decade of professional experience, Shannon specializes in risk and compliance management, accounting and procurement, forensic examinations, internal audit, and data analysis. Her expertise lies in identifying solutions to optimize processes, mitigate risks, and ensure the accuracy and completeness of data through effective documentation and systems implementation.

She excels in leveraging her knowledge of data analytics to identify trends and create visualizations that enhance decision-making for management and stakeholders. Her technical expertise allows her to develop streamlined solutions that strengthen organizational operations. Shannon also actively contributes to professional growth within her field through her membership in notable organizations, including the Institute of Internal Auditors, the Government Finance Officers Association, and the National Grants Management Association.

Shannon is a Certified Fraud Examiner (CFE) with the Association of Certified Fraud Examiners. Additionally, Shannon serves on the education committee of the Association of Local Government Auditors, reflecting her commitment to professional development and collaboration within the industry.

She earned her Certified Forensic Examiner designation in April 2024. She holds a Master's Degree in Economics, Business Data Analysis, and Forecasting from the University of Texas at San Antonio.

Representative List of Forensic and Internal Audit Clients

- City of Glendale, AZ
- City of Hopewell, VA
- **City of Los Angeles, Office of the Controller**
- Maryland State Retirement Agency
- Prince William County Public Schools (VA)
- Sarpy County, NE
- City of St. Louis, MO
- Texas State Auditor's Office

Representative List of ARPA Clients

- State of Delaware

**DeAndre Watson**

Senior Consultant

410-423-3506 | deandrewatson@uhy-us.com

DeAndre Watson is a senior consultant in the Audit & Assurance Department at UHY's Columbia office, with a decade of professional experience. He focuses on delivering high-quality audit, accounting, and consulting services to clients within the governmental sector, helping them achieve operational efficiency and meet regulatory compliance standards.

He is an expert in leading audit engagements, managing financial reporting, grants management, and internal audit services. His strategic advisory work supports clients in navigating complex regulatory environments. In the CAS environment, he successfully managed the timely completion of bank reconciliations, ensuring accuracy in financial processes, and provided critical audit support to facilitate compliance with regulatory standards.

DeAndre is a graduate of Bowie State University, where he earned a bachelor's degree in accounting. During his time there, DeAndre excelled as a scholarship athlete on the track and field team and was an active member of Phi Beta Sigma Fraternity.

He is also involved with the National Association of Black Accountants (NABA), showcasing his commitment to professional development and networking. He continues to dedicate himself to excellence in his field, leveraging his experience and expertise to support his clients and the UHY team.

Representative List of Forensic and Internal Audit Clients

- Town of Richlands, VA
- Maryland State Retirement Agency
- Northumberland County, VA
- Sarpy County, NE
- Los Angeles Department of Building and Safety (CA)
- Prince William County Public Schools (VA)
- City of Hopewell, VA
- City of Petersburg, VA

**Brittany Couell**

Senior Staff Accountant

410-635-9171 | bcouell@uhy-us.com

Brittany Couell is a senior staff accountant in the Audit and Assurance Department. She implements controls aligned with the client's strategic goals and has performed other daily operations, including reconciling account balances, preparing month-end closing reports, and ensuring the accuracy of general accounting procedures. She has over five years of experience serving the government, not-for-profit, manufacturing, and telecommunications industries. Brittany's work includes auditing and assurance services for small to mid-size not-for-profits, full-cycle accounting for small to mid-size not-for-profits and telecommunications, performing internal controls evaluation, and conducting compliance testing for Single Audits under OMB Uniform Grant Guidance. Brittany is a Virginia CPA candidate who has passed the AUD Exam. She received a Bachelor of Science in Business Administration with a major in Accounting from Christopher Newport University.

**Eva Infante**

Senior Staff Consultant

410-423-4805 | einfante@uhy-us.com

Eva Infante is a senior staff consultant in the Internal Audit, Risk & Compliance Department at UHY's Columbia office. With almost a decade of professional experience, Eva specializes in providing audit and consulting services to companies in the finance and government sectors. She has expertise in risk compliance, policy and regulation implementation, customer service, and community engagement. Her ability to navigate complex regulatory environments and deliver tailored solutions has made her an essential resource for her clients. Eva holds a Bachelor's in Business Administration with a focus on Marketing from St. Mary's University in San Antonio, Texas. She is also a member of the IIA and GFOA. Eva continues to leverage her knowledge and experience to help clients achieve operational excellence.

**Michelle Stanley, TAPC**

Staff Consultant

410-423-3505 | mstanley@uhy-us.com

Michelle Stanley is a staff consultant with UHY, providing audit and consulting services to organizations in the state and local government sector, including governance, risk, and compliance engagements, and conducting internal audits. Michelle is currently studying for the Maryland CPA exam. She has a Master's in Public Health Practice and Policy from the University of Maryland- College Park, a Master of Arts in Educational Leadership- Admin, certified in Policy Studies from the University of Maryland-College Park, a Bachelor of Science in Accounting from Towson University, and a Bachelor of Science in Elementary Education from the University of Maryland-College Park. She holds a Maryland State Teacher Advanced Professional Certification, certified in Math through 9th grade, as well as an administrator, supervisor, and assistant principal.

ERP Specialists

ThirdLine (TL) (www.thirdline.io) has access to its database of over 200 different analytics, which can be run over data exported from the Tyler Enterprise ERP System, powered by Munis (Tyler Munis).



TL is a company with Software-as-a-Service and Data Analytics Services solutions based in Tulsa, Oklahoma. TL is led by David Osborn, a CPA, who oversees the two main teams in TL, the Analytics & Data Science team and the Software & Product team. The team members presented will work with you directly during the assessment to identify opportunities to streamline and automate processes and areas lacking appropriate segregation of duties. The TL team is known as the foremost expert in public-sector audit analytics. In the last year, they have presented and taught at the top government audit and fraud conferences, webinars, and continuing education events. We have partnered with TL to create the first Data-Driven Audit Report for the Tyler Munis ERP system. With TL's extensive experience and expertise in forensic auditing of the Tyler Munis ERP system, they offer unparalleled capabilities in benchmarking across governments and year-over-year metric analysis, providing deep insights and actionable intelligence.

UHY's and TL's audit reports are meticulously crafted, incorporating 10-50 analytic tests per module in Tyler Munis that ensure robust and thorough evaluations. Notably, we are the pioneers in producing the first data-driven audit report for Tyler Munis, setting a new standard in the industry. No other partnership can match our specialized knowledge and precision in handling Tyler Munis systems and forensic audit expertise, making us equipped to meet these highly specific and complex requirements.

ThirdLine's analytics will be integrated into Phase 2 and Phase 3 of our audit approach. During risk assessment, their tools help identify high-risk transactions and control gaps. During testing, their data-driven scripts allow us to validate control effectiveness across Tyler Munis modules with precision and efficiency.

Resumes



David Osborn, CPA
CEO, ThirdLine
918-956-8673 | dosborn@thirdline.io

David Osborn is CEO and co-founder of ThirdLine, Inc., and has been combining analytics and accounting for most of his career. David co-founded ThirdLine because he experienced firsthand the problem accountants face when too much data crashes an Excel spreadsheet. Before ThirdLine, David worked at public accounting firms, including BKD, LLP (Forvis), and HoganTaylor. While working in the Advisory department of HoganTaylor, he started the firm's analytic work with clients. David will serve as the engagement lead for all data and economic efficiency analysis.



Samuel Gallaher
 Head Of Data Science, ThirdLine
 918-956-8673 | sgallaher@thirdline.io

Dr. Gallaher combines PhD statistical super-powers with knowledge of auditing to create powerful data science models based on ThirdLine analytics. Previously, he was the Audit Analytics Manager and Methodologist for the Denver Auditor's Office, where he led the Audit Analytics Team. Through his work as an engineer, social scientist, and analytics manager, he has over 17 years of program and process evaluation experience using analytics. He has taught analytics courses to auditors around the world and served as part-time faculty at the University of Colorado Denver's School of Public Affairs, where he taught graduate courses on Evidence-Based Decision Making, Research Methods and Statistics, and Policy Analysis. Dr. Gallaher serves as the subject matter expert while supervising and leading TL's daily operations.

Continuous Professional Education

UHY requires all Professional Staff (professionals who devote 30% or more of their time to direct client service activities, whether or not they provide services to attest clients) who are employed during the entire three-year peer review measurement to meet specific minimum requirements for CPE. Professional Staff includes CPAs and Non-CPAs, regardless of whether their 30% direct client service hours relate to attest services. All Managing Directors and Professional Staff who are employed during the full three-year peer review measurement period must obtain a minimum of 20 hours of qualifying CPE annually. Non-Client Accounting Services (CAS) Professional Staff are required to obtain 120 hours during the three-year period and are encouraged to obtain 40 hours of qualifying CPE each year.

UHY provides frequent in-house training for all staff. Professionals attend at least 24 hours of professional development delivered in-house at our UHY national headquarters in Michigan. This training is level-specific and is attended by UHY personnel from around the U.S. UHY training classes attended by the personnel assigned to this engagement include the following:

- Introduction to Internal Audit
- Internal Controls
- Information Technology Controls
- GASB Updates
- Governmental Accounting Updates
- Board Governance, Roles & Responsibilities
- Governmental Auditing Techniques
- Risk Assessments
- Grants Management
- Fraud Interviewing
- Fraudster Techniques

We have also developed an internal learning and development platform called *UHY University*, which provides UHY employees with on-demand and live CPE training sessions throughout the year.

Your engagement team attends training conferences sponsored by the Maryland Association of Certified Public Accountants (MACPA), the American Institute of Certified Public Accountants (AICPA), and the Association of Certified Fraud Examiners (ACFE).

Conferences attended by the personnel assigned to the City's engagement include the following:

- MACPA Governmental Day
- MACPA Non-Profit Day
- AICPA Employee Benefit Plans Conference
- AICPA Not-for-Profit Conference
- AICPA Governmental Accounting and Auditing Update Conference
- AICPA Governmental and Not-for-Profit Training Program
- ACFE Global Fraud Conference

Through our mix of in-house training and attendance at professional development conferences, we believe we will be able to provide the City with technically qualified staff throughout the term of the engagement.

Each UHY team member assigned to the City's audit meets or exceeds the UHY firm standards outlined above and the Yellow Book Continuing Professional Education Requirements outlined by the Government Accountability Office's *Government Auditing Standards* within the preceding three years.

Firm's Experience with Similar Processes

National Government Practice

With our internal capabilities and years of experience, we can serve governmental organizations with distinction through the support of our national Government Practice Group. The professional services we provide to governmental organizations at the state and local level are an important and significant portion of our accounting, auditing, and consulting practice. As full-time government advisors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

This combination of diverse skills and knowledge will provide the City with premium accounting and auditing services and adequate bench strength to meet its needs on a timely basis.

The firm's public sector division is a well-recognized group of professionals with vast experience in servicing the unique requirements of its governmental clients. Nationally, we audit numerous governments participating in the Government Finance Officers Association's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* program. Our professionals are reviewers for this important GFOA program. The professionals that make up our national practice provide various professional advisory services to governmental organizations at all levels, including:

- Local municipalities
- Counties
- Public Utilities
- School districts
- Enterprise activities
- Quasi-governmental units
- States

Our national reputation enables us to serve governmental organizations with distinction.



Partnering with Governments for Effective Accounting Solutions

The typical government accounting department is asked to do more with less every year. A recent joint report by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Controllers and Treasurers (NASACT) highlights the unique impact of the "accounting shortage" on the public sector.

The AICPA/NASACT report recommends practical solutions that will take time to implement. Governments struggling under this "do more with less" burden need a rational plan for allocating their scarce resources. UHY government accounting professionals have the experience to help governments identify which financial management processes can be managed internally and which can be efficiently handled by our team of experts.

Some critical government accounting services we provide:

- **Financial Policy Review and Development:** We evaluate and refine financial policies, including budgeting, purchasing, investment strategies, and reserve management, to ensure compliance with GASB and GAAP standards. Our team identifies gaps in existing policies and recommends updates or new frameworks to promote transparency, fiscal accountability, and alignment with municipal objectives, meeting our clients' policy review requirements.
- **Timely Bank Reconciliation:** Maintaining timely bank reconciliations is critical to the fiscal health of government agencies. While many governments have the skills to perform this function, falling behind can be costly and challenging to rectify. UHY professionals can assist with catching up on reconciliations and ensuring ongoing accuracy and timeliness.
- **Government Treasury Management Solutions:** Effectively managing government cash flows is a time-intensive task for public-sector accounting leaders. If your government does not currently maintain a detailed historical cash flow analysis (at least monthly, but ideally weekly), we can provide the expertise needed to streamline government treasury management and enhance financial decision-making.
- **Grants Management:** The size and complexity of government grants have increased significantly since the COVID-19 pandemic. Our professionals can support your team by preparing financial and non-financial grant reports, ensuring compliance with federal and state grant requirements, and assisting with grant reimbursement requests to improve cash flow.
- **Strategic Budget Development:** The annual government budget development process is time-consuming and often adds to an employee's daily responsibilities. We can supplement your existing resources, offering expertise to refine and enhance your government budget process.
- **Accounts Payable and Receivable Management:** We optimize accounts payable and receivable processes, ensuring proper authorization, segregation of duties, and timely processing. Our expertise includes utility billing and collections, aligning with the need to evaluate and improve these financial operations.
- **Fixed Asset Management:** We assess fixed asset management processes to ensure accurate tracking, valuation, and reporting, identifying risks and recommending controls to safeguard municipal assets.
- **ERP System Assessment:** We evaluate enterprise resource planning (ERP) systems to assess functionality, identify limitations, and recommend enhancements or replacements, leveraging our experience with public-sector financial software to ensure efficient system performance.

- **Monthly Financial Reporting:** Many government accounting systems make it difficult to extract and present data in a meaningful way. We have extensive experience with various public-sector financial software systems. They can generate clear, concise monthly financial reports and dashboards, saving staff valuable time and improving government financial management.
- **Government Audit Support:** The annual government audit process is complex and often adds to the workload of government accounting departments. We stay up to date with government audit requirements, assisting with financial report preparation, audit schedules, and ongoing audit support to ensure government financial compliance and efficiency.
- **Contract Monitoring and Spending Oversight:** Managing government spending and contract monitoring are essential for controlling costs. Government accounting officials often take on this responsibility in addition to their core duties. We can monitor contracts and spending to ensure fiscal responsibility, reviewing vendor performance and financial transactions for compliance and fraud prevention.

Decades of Experience Serving All Areas of Government Operations

For over 60 years, UHY has provided accounting, auditing, and consulting services to government-funded agencies nationwide. We have completed hundreds of financial and compliance audits under U.S. GAAS, *Government Auditing Standards*, and *Uniform Guidance*, earning recognition as a member of the AICPA Governmental Audit Quality Center. Our Single Audit reports have consistently passed federal review with no significant deficiencies, reflecting our commitment to quality and compliance.

Our government practice is distinguished by deep expertise in internal audit outsourcing and co-sourcing, helping agencies identify operational efficiencies, strengthen internal controls, and ensure adherence to policies, procedures, and regulations. We also bring extensive forensic capabilities, enabling us to investigate irregularities, assess fraud risks, and provide actionable recommendations that protect public resources and enhance transparency. Our professionals offer decades of experience and success in IT assurance and consulting. Our team includes professionals with specialized technology skills and extensive IT controls knowledge. This depth of skills and experience, combined with our approach to IT risk and compliance, allows us to provide you with personalized solutions that address your needs.

Our Government Efficiency, Accountability, and Reform Strategy Services (GEARS) offer a comprehensive approach to enhancing government performance. It begins with a thorough planning and data collection phase, encompassing budgets, strategic plans, benchmark entities, staffing analysis, policies, performance metrics, audit reports, and other relevant public and proprietary data. This initial assessment lays the groundwork for in-depth analysis across various areas, including revenue assessment and collection, intergovernmental revenues, compensation and benefits, procurement to vendor payment, fleet utilization, municipal assets utilization, treasury management, and IT services, among other aspects of government services.



The strategy extends to budget administration and monthly reporting, ensuring continuous monitoring and improvement. GEARS aims to deliver tangible results, including identifying top tax contributors, analyzing budget trends, assessing the quality of revenue forecasting, and optimizing revenue collection methods. It also focuses on improving internal processes, such as streamlining IT systems, managing debt effectively, and enhancing transparency in financial reporting. The ultimate goal is to drive efficiency, accountability, and reform across all aspects of government operations.

Services Portfolio

UHY offers a **comprehensive suite of internal audit and consulting services** designed to meet the evolving needs of municipal clients like the City. Our approach aligns with the RFP's requirements for performance, compliance, information technology, internal control, forensic, and operational audits. All services are delivered in accordance with applicable professional standards, including *Government Auditing Standards* (Yellow Book), the IIA *Global Internal Audit Standards*, and *Uniform Guidance*. Whether supporting a seamless transition from a prior provider or launching new audit initiatives, our team is equipped to deliver high-quality, risk-based services with precision and transparency. Below are the key services we provide:

Internal Auditor Services

- Conduct risk-based assessments of departmental operations using the COSO Internal Control – Integrated Framework.
- Review key functions such as cash handling, disbursements, payroll, purchasing, and fund management.
- Provide recommendations to strengthen internal controls and enhance operational transparency.

Risk Assessment Services

- Identify and prioritize areas of potential exposure across financial, operational, and compliance domains.
- Facilitate enterprise-wide or department-specific risk assessments to inform audit planning.
- Support the development of risk mitigation strategies and control enhancements.

Internal Control Audits

- Evaluate the design and operating effectiveness of internal controls over financial reporting, compliance, and operational processes.
- Test controls related to ERP systems, access management, and transaction integrity.
- Deliver findings with actionable recommendations to reduce risk and improve accountability.

Performance Audits

- Assess program and operational effectiveness, efficiency, and alignment with organizational goals.
- Evaluate performance indicators, resource utilization, and service delivery outcomes.
- Identify opportunities for process improvement and provide practical recommendations.

Operational Audits	<ul style="list-style-type: none"> • Review workflows, staffing, and resource deployment to identify inefficiencies and control gaps. • Evaluate risk management procedures and internal oversight mechanisms. • Recommend optimizations to improve productivity and service quality.
Compliance Audits	<ul style="list-style-type: none"> • Assess adherence to applicable laws, regulations, policies, and industry standards. • Evaluate the effectiveness of compliance frameworks and internal monitoring systems. • Classify findings by severity and provide corrective action guidance.
Information Technology Audits	<ul style="list-style-type: none"> • Review general and application-level IT controls, including access, change management, and data integrity. • Assess cybersecurity posture, system configurations, and business continuity planning. • Evaluate ERP controls and IT governance practices relevant to financial systems.
Forensic Audits	<ul style="list-style-type: none"> • Investigate allegations of fraud, asset misappropriation, or control breakdowns. • Analyze financial data, quantify losses, and identify root causes. • Provide defensible findings and recommendations to strengthen fraud prevention and detection.
Additional Capabilities	<ul style="list-style-type: none"> • Leverage decades of public sector experience across cities, counties, and special districts. • Utilize advanced audit tools and data analytics platforms, including solutions tailored to ERP environments. • Maintain independence and quality assurance in accordance with IIA and AICPA standards. • Offer flexible delivery models and rapid mobilization to meet client timelines and evolving priorities.

Extensive Internal Audit Experience

Our seasoned team has abundant knowledge surrounding internal audits, including performing financial and operational audits, contract compliance audits, and information technology (IT) audits. We have extensive experience working with state and local government clients. Our team has the experience, credentials, and commitment to perform the work requested by the City and provide valuable insights to address your most critical needs.

Our team comprises professionals with specialized internal audit expertise and extensive consulting and advisory experience in internal control reviews, risk assessments, and compliance evaluations. This depth of skills and experience, combined with our approach to IT risk and compliance, allows us to provide you with personalized solutions that address your needs. Project team members at the management level or above possess advanced

degrees in law, software engineering, and the information sciences and hold relevant professional certifications such as CPA, CRP, CRISC, CISSP, CISA, CRM, CIPP, PMP, CIP, MBCI, etc. Our IT team brings extensive knowledge of applicable information technology and security standards and experience using ISO/IEC, NIST CSF, and CIS.

Leading the way

UHY’s work complies with ethical obligations set out by the International Federation of Accountants in its global standard, Code of Ethics for Professional Accountants, Code of Conduct of the Institute of Internal Auditors (IIA), COSO’s Internal Control Framework, GAGAS, AICPA, and information systems and assurance standards issued by ISACA, and with FISCAM, NIST, and PCI Security. Our professionals are active and regularly participate in conferences and events. We bring specialists with multidisciplinary skill sets and certifications.

We continually monitor best practices, develop thought leadership, and review methodologies and frameworks for improvement. Our internal audit professionals have deep technical skills and stay on top of all the latest best practices and regulations requiring the attention of the clients we serve.

We provide solutions such as:

- Internal audit start-up services
- Outsourcing and co-sourcing solutions
- Controls self-assessments
- System implementation reviews
- Risk management consulting
- Audit committee advisory
- Industry and best practice benchmarking
- Agile auditing practices
- Remote auditing solutions
- Data analytics



02/16/24 **News**
Global Internal Audit Standards Become Effective Jan. 9, 2025
 The International Internal Audit Standards Board (IIASB) released the new Global Internal Audit Standards on Jan. 9, 2024, to take effect on Jan. 9, 2025. The Standards apply to interna...
[→](#)



04/12/24 **News**
Creating Value-Added Internal Audit in Local Government
 As we move beyond an extended period of plentiful federal and state grant availability, many local governments will face an inevitable "funding cliff" and begin the struggle to do more...
[→](#)

We provide internal audit services that can help identify efficiencies in financial management and other areas that will allow them to maximize revenues and minimize expenses. These services also demonstrate compliance with policies and procedures and applicable regulations. This experience, combined with UHY’s internal audit practice, strongly positions UHY to execute a high-quality and seamless internal audit process.

UHY has performed multiple engagements of similar size, scope, and complexity for towns, cities, and counties across the country. UHY is skilled at organizing and managing internal audits to successful completion. We offer our clients the knowledge, capabilities, and track record to deliver outstanding results. We have assisted a major mid-west county government in establishing an audit committee and developing its annual internal audit plan.



Over the last three years, we have assisted over 25 localities and one state with internal audit compliance monitoring of their American Rescue Plan Act (ARPA) Funds. We have worked closely with management to assess the quality of the existing controls over these funds, recommended new or additional controls to be implemented, and reported to the elected officials on the quality of the internal controls over these ARPA funds, which total over \$1.5 billion. Compliance monitoring is a critical component of these clients' internal control process, and UHY has been trusted to play a vital role in this process.

List of Representative Clients – Internal Audit

- Atlanta Public Schools
- Augusta, GA
- City of Chesapeake, VA
- City of Edmond, OK
- City of Front Royal, VA
- City of Gainesville, FL
- City of Glendale, AZ
- **City of Los Angeles Department of Building and Safety (LADBS), CA**
- **City of Los Angeles Economic & Workforce Development Department (EWDD), CA**
- **City of Los Angeles, Office of the Controller**
- City of Miami Beach, FL
- City of Miami, FL
- City of Phoenix, AZ
- **City of Los Angeles Harbor Department (Port of LA)**
- **County of Riverside, CA**
- **County of San Bernardino, CA**
- Frederick County, MD
- **Los Angeles Unified School District (LAUSD)**
- Maricopa County, AZ
- City of St. Louis, MO
- Maryland State Retirement Agency
- Metropolitan Government of Nashville and Davidson County
- Metropolitan St. Louis Sewer District
- Montgomery County, PA
- **County of Orange, CA**
- Salt Lake City, UT
- Sarpy County, NE
- Texas Water Development Board
- Waukesha County, WI

Examples of Internal Audit Engagements Nationwide

Below are examples of representative engagements performed within the past five years that are directly related to the services requested by the City:

- **City of Los Angeles, Office of the Controller, CA** – UHY audited the integrity of building safety data for the City of Los Angeles, assessing risks to data accuracy, internal controls, and reporting systems. We identified root causes of data inaccuracies and proposed corrective actions to improve reliability. **While focused on data systems, this engagement reflects Stockton's interest in internal controls, risk mitigation, and audit of specialized municipal functions, demonstrating our adaptability to complex city environments.**
- **City of Glendale, AZ** – Provided comprehensive **internal audit services** to the City of Glendale, **including performance audits** of customer service, billing, collections, and cashiering processes. We evaluated manual and paper-based workflows, identified opportunities for automation, and assessed system and logistical challenges. Additionally, we conducted a performance audit of capital improvement project coordination

across departments and reviewed vendor management practices. **These services mirror Stockton's request for operational audits, risk-based assessments, and process improvement recommendations, especially in areas like interdepartmental coordination and financial controls.**

- **Prince William County Public Schools, VA** – Our team conducted a forensic audit of PWCS's construction and procurement practices, analyzing bidding documentation, financial transactions, and contract compliance. We also assessed internal controls over federal grants and accounts payable, including purchasing card usage and vendor disbursements. **These services align closely with Stockton's goals for evaluating procurement integrity, grant compliance, and segregation of duties, demonstrating our ability to uncover control gaps and deliver actionable insights in complex public sector environments.**
- **City of Gainesville, FL** – Performed an **internal audit** of the Gainesville Police Department's overtime billing and collections processes. We assessed internal controls over event creation, officer scheduling, customer communications, and revenue collection. Our review included policy adequacy, procedural documentation, and financial reconciliation. **This engagement reflects Stockton's interest in departmental audits and revenue assurance, showcasing our ability to evaluate operational efficiency and financial accuracy within municipal departments.**
- **City of Hopewell, VA** – We conducted a forensic audit of vendor payments and contractual compliance, analyzing over 3 million lines of financial data to identify anomalies and potential fraud indicators. Our team developed data visualizations to support findings and provided detailed recommendations for strengthening internal controls. **Stockton's RFP emphasizes fraud detection and vendor oversight, and our work in Hopewell demonstrates our capacity to apply advanced analytics and forensic techniques to uncover risks and improve procurement transparency.**
- **Sarpy County, NE** – UHY executed **multiple internal audits** for Sarpy County, including bank reconciliation reviews, ERP access control assessments, and a comprehensive evaluation of the Treasurer's Office operations. We also investigated a whistleblower complaint and assessed the control environment surrounding the allegations. **These services align with Stockton's need for financial integrity, ERP governance, and fraud response, highlighting our experience in managing sensitive audits and delivering clear, defensible findings.**
- **Historic St. Mary's City Commission, MD** – Our engagement involved a **full-spectrum internal audit** of procurement, disbursements, cash management, HR/payroll, fleet/property management, and conflict-of-interest policies. We reviewed internal controls, policy compliance, and operational efficiency across all major functions. **Stockton's scope includes similar cross-functional audits, and our work with HSMCC illustrates our ability to assess municipal operations holistically and provide recommendations that enhance accountability and performance.**
- **Maryland State Retirement Agency, MD** – We conducted a **risk assessment** of the investment division, reviewed private market valuations, and evaluated contract compliance and due diligence procedures. Our work included analysis of 68 risk factors and development of audit strategies for future engagements. **Stockton's RFP calls for risk-based audits and financial control evaluations, and our experience with MSRA showcases our ability to navigate high-stakes financial environments and deliver strategic audit planning.**
- **City of Miami Beach, FL** – Under a bench agreement, UHY provided **internal audit** services to Miami Beach, including performance and compliance audits across departments. We adapted to evolving priorities and delivered timely, targeted reviews that supported citywide transparency and operational improvement. **Stockton's desire for a flexible, risk-based audit plan is well matched by our bench experience, which demonstrates our readiness to support dynamic municipal audit needs.**

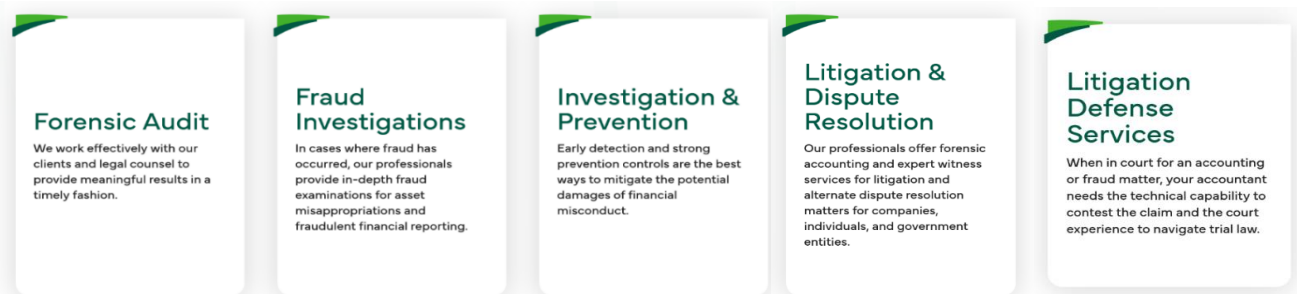
- **City of Wilmington, DE** – UHY performed **internal audits** and ARPA fund oversight for Wilmington, including compliance testing, financial reporting, and operational reviews. We ensured alignment with Treasury guidelines and supported the city’s transparency efforts through detailed documentation and reporting. **Stockton’s scope includes both internal audit and federal fund compliance, and our work in Wilmington highlights our ability to manage complex funding audits while maintaining rigorous standards.**

Forensic Accounting & Expert Witness Services

We specialize in the investigation of suspected fraud, theft, errors and irregularities, and other misconduct that can put an organization at risk. Our focus is on delivering a specialized fraud auditing and forensic accounting team that operates with professionalism, objectivity, responsiveness, and accuracy.



As one of the top professional services firms in the country, we provide a credible team of experienced forensic audit professionals who can analyze and assess forensic accounting issues and then offer options for an effective response. Our professionals are active and regularly participate in conferences and events related to forensic accounting and fraud investigations.



Forensic Audit

With a full complement of certified forensic accountants prepared to examine and evaluate your financial records, we have the resources to identify evidence of criminal behavior or mismanagement to support legal action.

Fraud Investigations

UHY has resources that can assist in investigating sensitive matters, and we understand the importance, confidentiality, and urgency of these types of investigations. Our team of experts consists of Certified Fraud Examiners who have implemented, maintained, and monitored calls from an organization’s hotlines, performed monitoring fraud controls, and conducted investigations. These investigations entail the following:

- Initial investigation
- Additional in-depth investigation
- Reporting of findings
- Expert witness services

Investigation & Prevention

We perform forensic financial analyses to assess your internal controls and create a plan for future fraud prevention. If you are concerned about corruption or overall mismanagement, we provide discreet internal investigation services that assess your financial environment and identify areas of potential breach.

Litigation & Dispute Resolution

We are accredited and experienced in addressing court-appointed forensic accounting requests and supporting trial cases by providing credible expert testimony.

Litigation Defense Services

We work with the defense teams for auditors and accountants facing professional malpractice claims, as well as taxpayers undergoing criminal investigations by the Internal Revenue Service.

Examples of Relevant Engagements

Below are examples of relevant engagements performed within the past five years that are directly related to the services requested by the City:

- **City of Hopewell, VA** – We conducted a forensic audit of vendor payments and contractual compliance, analyzing over 3 million lines of financial data to identify anomalies and potential fraud indicators. Our team developed data visualizations to support findings and provided detailed recommendations for strengthening internal controls. **Stockton’s RFP emphasizes fraud detection and vendor oversight, and our work in Hopewell demonstrates our capacity to apply advanced analytics and forensic techniques to uncover risks and improve procurement transparency.**
- **Prince William County Public Schools (VA)** – We performed a forensic audit of construction and procurement practices, investigated conflicts of interest, and assessed adherence to state code. This included deep analysis of bidding documentation, ERP transactions, and change orders. **Stockton’s interest in procurement integrity and fraud risk aligns directly with this engagement.**
- **Northumberland County, VA** – We conducted a forensic audit of the County’s General Funds, Treasurer processes, and School Division financial management. This included detailed reviews of deposits, wire transactions, payroll, credit cards, and online payments, along with an evaluation of internal controls over multiple fiscal years. **Stockton’s scope includes financial integrity and fraud prevention, and our work in Northumberland showcases our ability to investigate complex financial environments and deliver defensible findings.**

National Reputation as Thought Leaders

Members of our government practice must attend a minimum amount of continuing professional education per year on various aspects of governmental accounting, and the leaders of our practice host seminars and webinars on important industry topics.

Our professionals are frequently called upon as a resource for professional organizations. They are often published in national and industry-specific publications, including [Ten 'Reminders' to Promote Effective Grant Procurements](#), which was recently published in Grants Intelligence from Thompson Grants.

In addition, UHY regularly publishes articles regarding issues in government accounting, such as "[Small cities, big scandals: Why smaller cities are at greater risk of fraud](#)," which appeared in [American City & County](#). This article and others can be found on the UHY website: [Insights | UHY](#). Some of our other most recent articles regarding governments include:

- [Making Process Improvement Stick: A Data-Driven Path to Local Government Efficiency](#)
- [Optimizing Payroll Efficiency: A Key Area of Focus](#)
- [Achieving Transparent and Efficient Grant Closeout for State and Local Governments](#)
- [Optimizing Post-ARPA Transition: Ensuring Effective Compliance and Transparent Funding Practices](#)
- [Procurement Purchasing Card Perils: Will You Be the Next Headline?](#)
- [Governments, Get Your Refundable Tax Credits Here](#)
- [Surviving the Grant Uncertainty: Strategies for Local Governments](#)
- [GASB's Continued Focus on Fiscal Sustainability](#)
- [How Local Governments Can Weather a Federal Shutdown](#)
- [Creating Value-Added Internal Audit in Local Government](#)
- [Ten Reminders to Promote Effective Grant Procurements](#)

UHY also hosts regular webinars for our clients, prospects, and friends that delve into crucial topics such as internal audit best practices, leveraging data analytics for informed decision-making, and optimizing information technology strategies. Each webinar features industry experts sharing actionable insights and strategies tailored to meet the unique needs of state and local governments. Below are our latest webinars:

- [Maximize Your Grant Success: Tips, Tricks, and Best Practices](#)
- [Building Better Data Integrity](#)

Furthermore, several of our Government Practice team members regularly present to government organizations and associations throughout the country on the latest guidance for governments. Our professionals have presented several times to a large state auditor's office, including an introduction to fraud, intermediate auditing, audit sampling, and IT audit considerations. We serve as trusted thought leaders and presenters to employees within these state-wide audit offices and provide the latest industry guidance to public employees seeking to understand these processes.

Client Satisfaction

The Next Level of Service. This is the philosophy and principle that guides everything we do at UHY. It allows us to serve our clients effectively by maintaining a firm commitment to implementing quality in every engagement. Our firm invests significant resources to ensure our clients receive the highest quality service in all the industries we serve. We approach each assignment with dedication and resolve to maintain quality in everything. Each engagement is assigned to a team with substantial relevant experience working hand in hand with your team to produce quality reports for any audit, review, study, or other related assignments. UHY prides itself on providing exceptional client service with dedicated staff empowered to put the client first. We recommend that service levels for the City be measured with the following criteria:

- Ability to identify areas of opportunity for improvement and provide recommendations that not only solve the root cause but also provide additional value to the organization
- The ability to deliver audits on time and within or under budget
- The ability to provide quality deliverables such as workpapers, audit reports, and other key deliverables
- Keeping abreast of changes to relevant Standards and Guidance
- Evaluating compliance with the *Government Accounting Standards Board*



We have experienced a high level of professionalism and quality work during the audit project – in addition, UHY’s approach has made them an ideal choice.

Stephanie Mergler - Deputy Chief of Staff, Wilmington, DE



UHY has provided professional and thorough work for us thus far, and I would not hesitate to utilize their services again.

Mike Kingery - Independent Internal Audit Program Manager, Glendale, AZ

2. Provide a list of references with the current contact person, e-mail address, and phone number who may be contacted regarding firm performance. Use Attachment D for references. The review team will conduct a background reference review of each respondent. Please include the following information for three (3) projects that the proposed consultant team worked on together: A. Name of the Agency or Firm B. Location of the Project C. Name, title, and contact information for the client. D. Description of Services E. Dates of the Project.

Please see **Attachment D – Reference Form** for our references.

3. Financial Capacity: The Proponent must be able to demonstrate a good record of performance and have sufficient financial resources to ensure that they can satisfactorily provide the services required herein. All Proponents are required to fill out Attachment E – Certification of Financial Condition. The Proponent deemed best evaluated and which the City intends to enter into a contract will be required to submit a full and detailed presentation of the true condition of the Proponent’s assets, liabilities, and net worth. The report should include a balance sheet and an income statement. If the Proponent is a new partnership or joint venture, individual financial statements must be submitted for each general partner or joint venture thereof. If the firm is a publicly held corporation, the most current annual report should be submitted. Any Proponent who, at the time of submission, is involved in an ongoing bankruptcy as a debtor, or in a reorganization, liquidation, or dissolution proceeding, or if a trustee or receiver has been appointed over all or a substantial portion of the property of the Proponent under federal bankruptcy law or any state insolvency, may be declared non-responsive.

As a privately held organization, we are not required to obtain audited financial statements. As a top 30 accounting firm in the United States, we have the financial strength to fulfill our obligations under this contract. UHY is of sufficient financial substance to perform the specified services. Our financial resources are further supported by appropriate borrowing capabilities at reputable financial institutions, a strong balance sheet, and the equity contributions of our partners. Please find attached a letter of financial strength from our COO.

5.2 METHOD OF APPROACH

1. Proponent shall submit a statement indicating that they understand the requirements of the Scope of Work.

UHY fully understands the requirements outlined in the Scope of Work and is prepared to deliver internal audit and forensic accounting services that align with the City of Stockton's objectives. **At a minimum**, services will include:

- Internal City Auditor Services – Providing independent, objective assurance and consulting services designed to add value and improve City operations.
- Risk Assessment Services – Identifying and prioritizing areas of potential exposure across departments, systems, and processes to inform a strategic audit plan.
- Internal Control Audits – Evaluating the design and effectiveness of controls over financial reporting, compliance, and operational integrity, including ERP system controls within Tyler Munis.
- Performance and Operational Audits – Assessing efficiency, effectiveness, and alignment with City goals, policies, and regulatory requirements.
- Follow-up and Reporting – Tracking implementation of prior audit recommendations, validating corrective actions, and providing clear, actionable reporting to stakeholders.

We recognize that the City is transitioning from its prior internal audit provider, and we are fully prepared to ensure continuity of service without disruption. Our team will work closely with the City Auditor's Office to review existing documentation, maintain momentum on active audit areas, and preserve institutional knowledge. UHY's experience with similar municipal transitions, combined with our structured onboarding approach and collaborative engagement management, will ensure a seamless handoff and immediate alignment with Stockton's priorities.

2. Explain in detail how your firm will meet the requirements of the Scope of Work.

UHY is fully prepared to meet the requirements outlined in the City's Scope of Work through a structured, risk-based internal audit methodology that aligns with professional standards and municipal priorities. We tailor each task to the City's unique environment, ensuring transparency, collaboration, and actionable results at every stage. In this section, we will describe in detail our audit approach and techniques:

Risk Assessment Leading to an Internal Audit Plan

We have our own standard approach when performing a risk assessment and developing an internal audit plan; however, we are open and flexible to utilizing your methodology along with templates and reports.

As depicted in the picture, we will perform the following activities when conducting periodic citywide risk assessments:

Understand the Organization

When creating a Risk Assessment, it is vital to first understand the City's strategies, goals, and objectives. In conjunction with reviewing the City's governance framework or organizational structure and function, our team will be able to gain the necessary knowledge of the business, including its strengths, weaknesses, and challenges. This approach will be accomplished through a review of available background information on the City, inspection of the City's recent financial statements, review of previously performed audits and/or risk assessments, inspection of policies and practices, and interviews with key management personnel. Our discussions with leadership will allow for a firsthand account of the organization's environment, culture, tone, and ethical values.



Risk Identification

The team will work closely with management to align business strategy and risks, as no one knows the City's risks better than your team. This will also aid us in understanding the City's risk tolerance and thresholds. This, in turn, will define the City's risk and audit universe and be the basis for the annual internal audit plan. Risk-based internal auditing connects the planning of internal audits to the City's overall risk management framework. Some of the major risk factors we consider during our risk assessment include:

- The internal operating environment, including the organizational structure or how flat the organization is, how decisions are made, and how people, systems, and processes are managed.
- The external business environment, such as the complexity of the regulatory environment.
- The nature of transactions, such as their size, volume, complexity, and materiality.
- The level of reliance on different information technology systems and tools.
- Time since the last audit, previous audit results, and follow-up actions.
- Any management input and/or concerns.
- Key performance indicators (KPIs).

Risk Analysis

Once the risk universe has been identified, all the risks will be documented in a repository known as a Risk Universe Register. Elements of the risk register will include, but are not limited to, the risk category (strategic, financial, reputational, operational, IT, compliance, etc.) and description with sufficient detail to understand what the risk is. We will then work collaboratively with management to assess those risks and determine the likelihood that they will occur, the impact on the organization should they occur, and the risk mitigation efforts that are already in place. Additionally, if the Internal Audit Department (IAD) has an existing Enterprise Risk Management (ERM) framework, the team will review its ERM risk inventory for potential inclusion within the overall risk assessment.

Impact is calculated using, but not limited to, the following:

- Financial materiality
- Regulatory compliance
- Strategic and/or operational impact on objectives
- Fraud risk
- Reputational impact
- Recovery efforts and costs

Probability is calculated using, but not limited to, the following:

- Complexity of process
- Volume of transactions
- Degree of monitoring/oversight
- External influences (economic conditions, geopolitical events, and technological advancements)
- Historical data
- Risk drivers

Below, you will see an **example** of an internally developed dashboard that identifies risk based on budgeted expenditures and a dashboard exhibiting a year-over-year cash flow analysis that identifies high-risk time periods.



Validation & Reporting

In the first year, we will utilize the results of the City's recently completed risk assessment to develop a multi-year Internal Audit Plan. In subsequent years, we will utilize the results of our own risk assessment to update the multi-year Internal Audit Plan suitable for the City's risk tolerance, resources, and objectives. The risk-based internal audit plan will focus on the business areas with the most significant risk exposure, while also ensuring that areas of low risk receive adequate audit coverage. Additionally, selected areas will be subject to an engagement level risk assessment upon determination of that audit's objective or goal. Since we understand that some areas with high scores may not be at the highest risk and vice versa, a reasonable review will be conducted to re-evaluate scoring results and adjust if necessary.

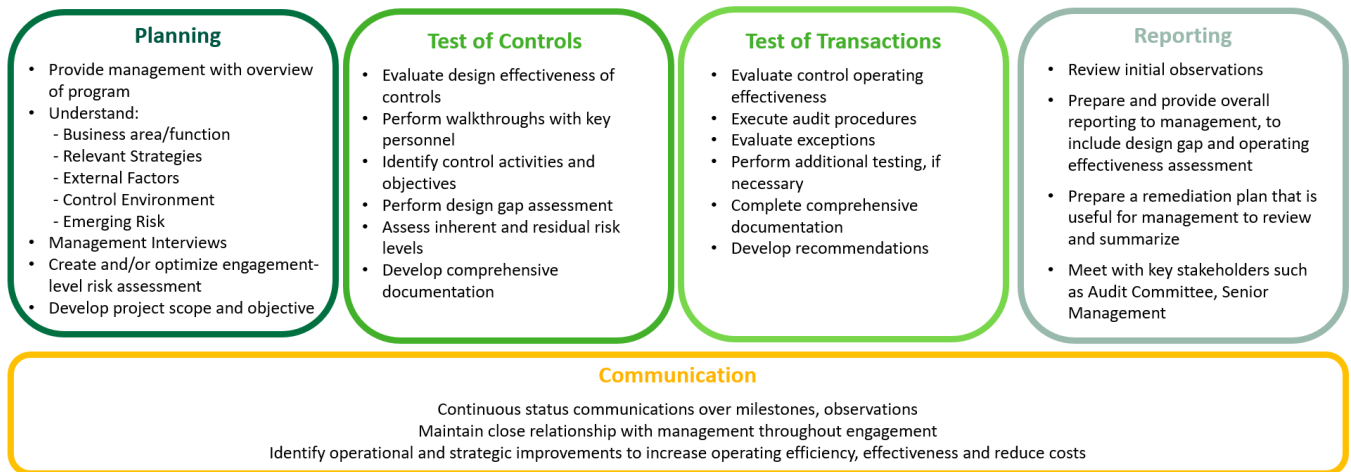
To add further value to the City, the internal audit plan will be built in a way that is flexible to address emerging risks that may come about during the year, so keeping a level of completion in mind when building the plan will be critical. In our current environment and partnership with management, we must be able to evaluate new risks and potentially add new audits in a timely fashion. The number of hours allocated to each audit engagement identified in the audit plan will vary based on the objective and scope of the audit. Once the proposed internal audit plan has been completed, inclusive of task descriptions, resource assignments, milestones, quality assurance, and dates, we will solicit and incorporate feedback. The internal audit plan will then be finalized and approved by the appropriate parties. It is important that senior management and appropriate committees, if applicable, are in full support of the implementation, as a strong tone from the top will increase the likelihood of full cooperation throughout the organization. If, for any reason, the internal audit plan needs to be updated once approved, then those updates will be communicated to the appropriate personnel.

Execution of Internal Audit Engagements

At UHY, our philosophy is that one size does not fit all. We recognize that every organization has its own operating style, challenges, and strengths. It is just as important to recognize the auditee's strengths as it is to identify weaknesses or deficiencies. Therefore, we work with the client to engage and manage our internal audit projects to meet their requirements. Our audit process complies with the Institute of Internal Auditors (IIA) standards and follows guidance from the COSO – Internal Controls Framework. Our approach supports all five service areas outlined in the Scope of Work:

- Internal City Auditor Services
- Risk Assessment Services
- Internal Control Audits
- Performance and Operational Audits
- Follow-up and Reporting

Below, we have included our four-phased approach to executing the individual internal audits, as determined in the internal audit plan:



Phase 1: Planning

The planning phase establishes the foundation for a successful audit.

We begin by meeting with the City Auditor's Office and relevant stakeholders to confirm the scope, objectives, and expectations for the engagement. This kickoff meeting allows us to align on timelines, communication protocols, and any known areas of concern or priority. It also provides an opportunity to discuss the City's experience with the prior provider and identify any transition-related needs.

To ensure a seamless handoff, we will request and review all available documentation from the previous auditor, including prior audit plans, workpapers, risk assessments, and open findings. We will also meet with City staff who previously worked with Moss Adams to understand current workflows, reporting preferences, and any in-progress engagements. If needed, we will develop a transition tracker to monitor the status of inherited audits and ensure that no items fall through the cracks.

Our team will then conduct a preliminary review of the business area or function under audit. This includes examining prior audit reports, policies, procedures, and applicable laws and regulations to understand the operational context and compliance landscape. Rather than conducting a full risk assessment at this stage, we focus on identifying areas that warrant deeper evaluation in the next phase.

We also establish a cadence of status meetings to ensure ongoing communication throughout the engagement. These meetings provide a forum for updates, issue escalation, and collaborative problem-solving. Our assembled professional team understands that taking the time to properly plan and organize an audit program produces more efficient reviews and cost savings for our clients. Tasks during this phase include:

- Inspecting prior documentation (e.g., audit reports, workpapers), if available
- Understanding applicable laws, regulations, and compliance requirements
- Reviewing written policies and procedures
- Meeting with City staff to understand current workflows and reporting preferences

- Preparing a preliminary audit program framework
- Establishing a cadence of status reporting and stakeholder engagement

The **deliverables** will include:

- Cadence of status reporting
- Mutually agreed-upon workplan and timeline

Phase 2: Test of Controls

This phase is dedicated to understanding the City's internal control environment and conducting an engagement-level risk assessment to inform the remainder of the audit. Building on the foundational knowledge gathered during planning, we shift our focus to how the City manages risk, enforces compliance, and safeguards its operations through internal controls. We begin by engaging with key personnel across departments to gain insight into day-to-day operations, oversight structures, and known areas of concern. Through interviews and walkthroughs, we map out business processes and identify where controls are placed, whether preventive, detective, or monitoring in nature. We assess how frequently these controls are executed and whether they are appropriately aligned with the risks they are intended to mitigate.

As part of this evaluation, we also identify potential control gaps, redundancies, or inefficiencies. In some cases, we may find that controls are excessive relative to the risk, presenting opportunities to streamline processes while maintaining adequate safeguards. Conversely, we may uncover areas where controls are missing or insufficient, increasing the City's exposure to operational, financial, or compliance risks. A key output of this phase is the development of a detailed Risk and Control Matrix (RCM). This matrix documents the risks identified, the controls in place to address them, and any areas requiring further testing. It becomes the foundation for the next phase of the audit, where we assess the operating effectiveness of these controls. We also evaluate the City's exposure to fraud and misconduct. This includes identifying high-risk areas such as cash handling, procurement, payroll, and grant management, as well as assessing the design of controls intended to prevent or detect fraud.

Where applicable, we review system-level controls within the Tyler Munis ERP, particularly in modules like Payroll and Accounts Payable, to ensure appropriate access, segregation of duties, and audit trail functionality. Our risk assessment using *ThirdLine's* data analytics will detect anomalies, such as **split transactions to circumvent procurement thresholds, personal expenses, or transactions with unapproved vendors.**

Specific tasks related to this phase, but not limited to, are:

- Conducting interviews with executives and key staff to identify risks and understand control responsibilities
- Performing walkthroughs of business processes to map control placement and flow
- Reviewing documentation such as organization charts, policies, procedures, and key reports
- Requesting access to relevant systems and applications to evaluate embedded controls
- Developing process flowcharts and narratives to visualize control design
- Identifying potential fraud risks and evaluating anti-fraud controls
- Creating the Risk and Control Matrix (RCM) to document risks, controls, and testing priorities

- Refining the audit program based on control design and risk exposure
- Reassessing audit scope if new risks or complexities emerge

The **deliverables** will include:

- Process Flowchart(s)/Narrative(s)
- Audit Program / Risk and Control Matrix (RCM)

Phase 3: Test of Transactions

In this phase, we assess whether the internal controls identified in Phase 2 are operating effectively and whether the audited function is performing in alignment with the City's strategic goals. This phase moves from design evaluation to execution testing, verifying that controls are not only present but functioning as intended in practice. Using the Risk and Control Matrix (RCM) developed in the previous phase, we select a representative sample of transactions across key processes. The sample size and scope are determined based on factors such as transaction volume, control frequency, process complexity, and risk level. Our goal is to validate that controls are consistently applied, properly documented, and capable of mitigating the risks they were designed to address.

We apply a range of audit procedures to test control execution. These include observing control activities in real time, inspecting supporting documentation, re-performing control steps independently, and conducting analytical reviews to identify anomalies or trends. As part of this phase, we will also leverage ThirdLine's [advanced data analytics to flag duplicate payments, split transactions, cash leakage, and unusual vendor activity](#). Their automated reporting will enhance our ability to detect anomalies quickly and provide clear evidence for remediation. Where exceptions are found, we analyze their root causes and assess their impact on operations, compliance, and financial integrity.

Beyond control testing, this phase also includes operational analysis. We evaluate how efficiently resources are being used, whether processes are streamlined, and how well the function supports broader City objectives. This dual focus, on control effectiveness and operational performance, allows us to provide actionable recommendations that strengthen both compliance and service delivery. Tasks in this phase include, but are not limited to:

- Selecting a representative sample of transactions based on the RCM and audit objectives
- Creating detailed test scripts tailored to each control and process under review
- Performing audit procedures such as:
 - Observation of control execution
 - Inspection of documentation evidencing control performance
 - Re-performance of control steps to validate outcomes
 - Substantive analysis of supporting records
- Investigating any errors or exceptions to determine root cause and control impact
- Assessing compliance with City policies, state and federal regulations, and accounting best practices
- Evaluating operational efficiency, resource utilization, and alignment with strategic goals
- Documenting findings and preparing for reporting in Phase 4

Depending on the audit plan engagements, below are **example procedures** to be performed that may include, but are not limited to:

Purchasing Card (P-Card) Usage

- Verify that P-Card issuance and termination are properly authorized and documented.
- Test for compliance with transaction limits and allowable purchase categories.
- Review monthly reconciliations for completeness and timeliness.
- Identify potential misuse (e.g., split transactions, personal purchases).
- Analyze cardholder activity for unusual patterns or vendor concentration.

Cash Handling and Funds Management

- Assess segregation of duties in cash collection, deposit, and reconciliation processes.
- Test the timeliness and accuracy of deposits to the City's bank accounts.
- Evaluate the physical security of cash and check storage locations.
- Review reconciliation procedures between receipts and accounting records.
- Identify any unrecorded or delayed revenue recognition.

Grant Compliance

- Verify expenditures align with grant terms and allowable cost principles.
- Test documentation supporting reimbursement requests and drawdowns.
- Evaluate subrecipient monitoring procedures, if applicable.
- Assess timeliness and accuracy of required grant reporting.
- Review internal controls over grant budgeting and fund tracking.

Contract Management

- Review contract files for completeness (scope, deliverables, signatures).
- Test whether payments align with contract terms and milestones.
- Evaluate oversight mechanisms for monitoring contractor performance.
- Assess timeliness of contract closeout and documentation retention.
- Identify any unauthorized scope changes or amendments.

Financial Reporting

- Test reconciliations between fund-level and government-wide financial statements.
- Review preparation and accuracy of footnotes and supplementary schedules.
- Evaluate controls over journal entries and adjusting entries.
- Assess timeliness and completeness of year-end closing procedures.
- Verify compliance with GASB and City financial policies.

Compliance with Policies, Procedures, Plans, and Statutes

- Test transactions for adherence to internal policies and approval hierarchies.
- Review staff training records on key policies and procedures.

- Evaluate documentation of policy exceptions or waivers.
- Assess alignment of City practices with applicable state and federal laws.
- Identify outdated or inconsistently applied procedures.

Treasury and Investment Management

- Review cash flow forecasts and compare them to actuals.
- Test compliance with the City's investment policy and state law.
- Evaluate controls over wire transfers and banking access.
- Assess timeliness of reconciliations for investment accounts.
- Verify segregation of duties in treasury operations.

Revenue Management

- Reconcile billed vs. collected revenue across major streams (e.g., utility, permits).
- Evaluate the timeliness and accuracy of billing processes.
- Test controls over adjustments, write-offs, and refunds.
- Assess aging and collection efforts for delinquent accounts.
- Review revenue forecasting assumptions and accuracy.

Procurement

- Test vendor selection for compliance with competitive bidding requirements.
- Review documentation supporting procurement decisions and approvals.
- Evaluate segregation of duties in requisition, approval, and payment.
- Analyze vendor master file for duplicates or inactive vendors.
- Assess timeliness and accuracy of purchase order processing.

Accounts Payable

- Test three-way match (invoice, PO, receiving) for a sample of payments.
- Review the timeliness of payments and any late fees incurred.
- Evaluate controls to prevent duplicate or unauthorized payments.
- Assess segregation of duties in invoice processing and approval.
- Analyze payment trends for unusual vendor activity.

Payroll

- Verify documentation for new hires, terminations, and pay rate changes.
- Test timekeeping approvals and overtime authorization.
- Assess segregation of duties between HR, payroll processing, and review.
- Review payroll exception reports and audit trails in Tyler Munis.
- Identify potential fraud indicators (e.g., ghost employees, duplicate payments).

Budgeting and Forecasting

- Review alignment between departmental budgets and City-wide financial goals.
- Test accuracy of budget-to-actual reporting and variance explanations.
- Evaluate assumptions used in revenue and expenditure forecasts.
- Assess timeliness and transparency of the budget development process.
- Review documentation supporting mid-year budget adjustments.

ERP System Controls (Tyler Munis)

- Review user access roles and segregation of duties within Tyler Munis modules (e.g., Payroll, AP).
- Test audit trail functionality and change management controls for key transactions.
- Evaluate system configuration settings for compliance with City policies.
- Assess workflow approvals and automated control points.
- Verify integration points between Tyler Munis and other financial systems or reporting tools.

Ethics, Fraud, Waste, and Abuse Hotline Oversight

This work directly supports the City’s stated responsibility to “administer the Ethics, Fraud, Waste, and Abuse Hotline, including review of calls and investigations as appropriate,” as outlined in the Scope of Work.

- Review intake and triage procedures for hotline submissions.
- Assess documentation and resolution tracking for reported incidents.
- Evaluate controls in areas flagged by prior fraud reports (e.g., P-Cards, payroll).
- Analyze trends in hotline activity to identify systemic risks.
- Test whistleblower protections and staff awareness of reporting channels.

The **deliverables** will include:

- Completed test scripts and supporting documentation
- Summary of control effectiveness and operational performance
- Preliminary findings and recommendations

Phase 4: Reporting

The final phase of our audit engagement focuses on communicating results, facilitating corrective action, and supporting long-term improvement. UHY maintains full transparency throughout the engagement, ensuring that the City Auditor’s Office and other stakeholders are informed of preliminary observations before any formal reporting begins. This collaborative approach helps avoid surprises and fosters trust in the audit process. Each finding is documented with a clear explanation of the condition, criteria, cause, effect, and recommendation:

- **Condition** – What did we observe?
- **Criteria** – With what policy or procedure did we identify the condition to be inconsistent?
- **Cause** – What is our conclusion on the reason the condition exists?
- **Effect** – What is the result of the condition’s inconsistency with the criteria?

- **Recommendation** – What changes to the City policies and procedures do we recommend in order to mitigate the risk of the condition occurring again in the future?

Before findings are shared with the City, they are reviewed by the engagement Managing Director to ensure accuracy, clarity, and consistency. Once communicated, City management has the opportunity to respond, provide additional documentation, or clarify context. This iterative process ensures that the final report reflects a balanced and well-supported assessment.

In addition to documenting findings, we identify industry-leading practices observed during the engagement and highlight opportunities to improve efficiency, resource utilization, and system design. Our goal is not only to report issues but to help the City strengthen its operations and internal controls.

We tailor each report to the City's preferred format, including highlights, background, scope, methodology, findings, recommendations, and auditee responses. Presentations can be provided to the Finance and Audit Committee or other designated parties. Beyond the final report, we support follow-up audits and corrective action tracking to ensure that recommendations are implemented and sustained over time. Tasks during this phase include, but are not limited to:

- Facilitate an audit closeout meeting to review preliminary findings
- Draft and refine the audit report with stakeholder input
- Document findings using the condition-criteria-cause-effect-recommendation format
- Prepare final reports and presentations
- Submit monthly progress reports with hours, milestones, and issues
- Retain workpapers per contract requirements
- Support follow-up audits and corrective action tracking

The **deliverables** from this phase will typically include:

- Draft and Final Audit Reports – Including highlights, background, scope, methodology, findings, recommendations, auditee responses, and supporting documentation.
- Presentation Materials – For the Finance and Audit Committee or other designated parties.
- Monthly Progress Reports – Summarizing work completed, hours used, and issues encountered.
- Workpaper Retention – All documentation retained for the duration of the contract plus three years, unless otherwise directed.

Project Management Rigor Approach

In executing all our engagements, we have developed a project management program that we customize to meet the needs of our clients. We create our project management plan in adherence to the industry's best practices, outlined in the *Project Management Body of Knowledge* (PMBOK®). The Project Management Institute (PMI) publishes the PMBOK® and presents a set of standard guidelines for project management. The core of our project management approach is **Continuous Communication, Quality Management, and Risk and Issue Management**. Our project management process provides personal attention and direct involvement from partners to staff in all stages of the engagement to ensure the prompt resolution of potential risks and issues. It allows us to serve our clients effectively by maintaining a firm commitment to implementing quality in every engagement.



Communication Approach

We will establish a cadence of reporting and meetings to provide progress reports to ensure continuous communication. We believe that it is important to provide visibility to all stakeholders throughout the project, which consists of:

- **Entrance Meeting(s):** We begin each engagement with a kickoff meeting to ensure that key stakeholders have a clear understanding of the project scope, objectives, timeline, and expectations. This meeting also introduces the audit team and provides an opportunity for management to ask questions and share relevant context.
- **Status Meetings:** Throughout the engagement, we hold regular status meetings with the auditee(s) to maintain open communication. These meetings allow us to share preliminary observations, validate facts, and ensure that all relevant information has been considered before finalizing any findings.
- **Stakeholder Discussions:** As part of our root cause analysis, we engage stakeholders in focused discussions to understand the underlying drivers of identified issues. This enables us to develop recommendations that address the source of the risk, not just the symptoms, and support sustainable improvement.
- **Exit Meeting:** At the conclusion of fieldwork, we facilitate an exit meeting to review preliminary findings, discuss management responses, and present the draft report. This meeting ensures proper closure of the engagement and alignment before final issuance.

3. Explain the best practices your firm will use in providing the proposed services.

As a trusted CPA firm, our internal audit services are designed to strengthen your organization's governance, risk management, and internal control environment. We follow a structured, data-driven approach grounded in industry standards and tailored to your operational needs. We adhere to globally recognized frameworks to ensure consistency, quality, and compliance:

- IIA's International Standards for the Professional Practice of Internal Auditing
- AICPA's Generally Accepted Auditing Standards (GAAS)
- COSO Framework for Internal Control and Enterprise Risk Management
- ACFE's Fraud Risk Management Guide

UHY is committed to delivering exceptional services, and we believe the following best practices will enable us to meet the City's expectations:

- **Data-Driven Testing and Analytics:** We leverage full-population testing and analytics to enhance audit precision by using ERP-integrated tools (e.g., ThirdLine) to analyze transactions, permissions, and controls, detecting anomalies, duplicate payments, and segregation of duties violations, and providing dashboards and visual reports for real-time insights.
- **Risk-Based Audit Planning:** We begin by understanding your strategic objectives and risk landscape. Next, we conduct risk assessments to prioritize high-impact areas, align audit scope with regulatory, operational, and financial risks, and customize audit plans to reflect your industry, size, and complexity.
- **Transparent Reporting and Actionable Recommendations:** We deliver clear, stakeholder-ready reports that drive decision-making by providing executive summaries with key findings and risk ratings, detailed observations with root cause analysis, and prioritized recommendations with implementation guidance.
- **Continuous Improvement and Follow-Up:** We support ongoing audit maturity by holding post-audit debriefs and management feedback, following up on audits to assess remediation progress, and providing advisory support for control redesign and policy updates.
- **Audit Project Management:** Our team's best practices in project management (PMBOK®), as previously explained, to manage all aspects of a project (costs, schedule, risks, resources, communication, quality) to meet project objectives on time and on budget.
- **Quality Assurance:** UHY employs robust quality assurance processes, including engagement-level oversight, standardized audit programs, and real-time review protocols. Our commitment to quality is evident in every aspect of our work.
- **Sustainability:** UHY is committed to environmentally sustainable practices and long-term benefits, including digital-first documentation and remote collaboration tools.

These best practices reflect UHY's commitment to delivering services that are not only technically sound but also responsive, collaborative, and tailored to the City's unique environment. By combining proven methodology with flexibility, innovation, and deep public sector experience, we ensure that every engagement drives meaningful results, strengthens internal controls, and supports long-term operational excellence.

4. Describe your firm's quality assurance practices and processes to ensure high quality delivery of services to meet the requirements of this solicitation.

Our firm invests significant resources to ensure our clients receive the highest quality service in all industries we serve. We approach each assignment with dedication and resolve to maintain quality in everything we do.

We are registered with the Public Company Accounting Oversight Board (PCAOB) as required for all accounting firms that serve public companies and are subject to their stringent quality control standards. Our firm is also a member of the American Institute of CPA's Center for Audit Quality, its Private Companies Practice Section, its Employee Benefit Plan Audit Quality Center, and its Governmental and Nonprofit Audit Quality Center. As part of these registrations and memberships:

- Our internal systems of quality control and a sample of our audit engagements are reviewed periodically, every three years, separately by the PCAOB and independent peer reviewers.
- Our professionals are required to adhere to the continuing professional education requirements of the PCAOB and AICPA Quality Centers.

We also conduct annual internal inspections of a sample of our audit, review, and other attest engagements as part of our system of quality control. We are committed to enhancing stakeholder confidence and public trust in the capital markets we serve and those who rely on high-quality performance by independent auditors.

In addition to our national quality control systems, UHY applies rigorous engagement-level quality assurance practices tailored to each client. For internal audit engagements, we assign dedicated engagement leaders who oversee planning, execution, and reporting to ensure alignment with client expectations and professional standards. Our teams use standardized audit programs, risk assessment tools, and real-time review protocols to maintain consistency and accuracy throughout the engagement. We also conduct milestone check-ins and post-engagement evaluations to identify opportunities for continuous improvement. These practices ensure that our work is not only compliant with PCAOB and AICPA standards but also responsive, transparent, and tailored to the specific needs of each client.

5.3 PRICE SHEET

1. Using Attachment F – Cost/Price Proposal for required services. Proponent must submit a signed proposal fee under a separate electronic file. Do not include it in the technical proposal response. Provide a detailed basic fee structure and breakdown of any other charges related to your firm’s proposal as specified. Finalist’s fee structure may be subject to negotiation.

Please see our **Attachment F - cost/price proposal** sheet included in our cost proposal, submitted under separate cover, per the City’s request.

8.0 PROPOSAL DOCUMENTS

Internal Auditing Services	
PUR 26-016	
SUBMITTAL DUE: THURSDAY, November 20, 2025; 2:00 PM PST	
RFP Submittal Electronic Mail	city.clerk@stocktonca.gov
Proponent Business Name	UHY Advisors Mid-Atlantic, Inc.
Proponent Contact Name	Jack Reagan, CPA, CICA Managing Director
Proponent Address	8601 Robert Fulton Dr., Suite 210 Columbia, MD 21046
Proponent Phone Number	410 423 4832
Proponent Email Address	jreagan@uhy-us.com
Department of Industrial Relations ID Number (if applicable)	

ATTACHMENT B - PROPONENT'S COVENANT

ATTACHMENT B- PROPONENT'S COVENANT

In submitting this proposal, as herein described, the Proponent agrees that:

1. They have carefully examined the Scope of Work and all other provisions of this document and understand the meaning, intent, and requirements of same.
2. They will enter into contract negotiations and furnish the services specified.
3. They have signed and notarized the attached Non-Collusion Affidavit form, whether individual, corporate or partnership. Must be 'A Jurat' notarization.
4. They have reviewed and signed all clarifications/questions/answers on the City's website at www.stocktonca.gov/adminbid.
5. Confidentiality: Successful Proponent hereby acknowledges that information provided by the City is personal and confidential and shall not be used for any purpose other than the original intent outlined in the Request for Proposal. Breach of confidentiality shall be just cause for immediate termination of contract agreement.

UHY Advisors Mid-Atlantic, Inc.

FIRM

8601 Robert Fulton Drive, Suite 210, Columbia, MD 21046

ADDRESS

Jack Reagan

Jack Reagan, November 17, 2025

SIGNED BY & DATE

Managing Director

TITLE OR AGENCY

410-423-4832

PHONE/FAX NUMBER

jreagan@uhy-us.com

EMAIL

ATTACHMENT C - NON-COLLUSION AFFIDAVIT

ATTACHMENT C - NON-COLLUSION AFFIDAVIT AFFIDAVIT FOR INDIVIDUAL PROPONENT

No. 1

STATE OF _____)ss.
County of _____)
(insert)

_____ being first duly sworn, deposes and says: That on behalf of any person not named herein; that said Proponent has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Proponent.

(Signature Individual Proponent)

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20____

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature _____

No. 2

AFFIDAVIT FOR CORPORATION PROPONENT

STATE OF Maryland)ss.
County of Howard)
(insert)

Jack Reagan _____ being first duly sworn, deposes and says: That they are ~~the~~ a managing director _____ of UHY Advisors Mid-Atlantic, Inc. _____ a corporation, which corporation is the party making the foregoing bid, that such bid is genuine and not sham or collusive, or made in the interest or behalf of any person not named herein; that said Proponent has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Proponent.

Jack Reagan
(Signature Corporation Proponent)

Subscribed and sworn to (or affirmed) before me on this th day of November, 2025 by Jack Reagan, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____
Signature *Morgan Laster*

MORGEN LASTER
Notary Public - State of Maryland
Prince George's County
My Commission Expires Apr 13, 2027

ATTACHMENT D – AGENCY REFERENCE FORM

ATTACHMENT D – AGENCY REFERENCE FORM PUR 26-016

Supply Three (3) References of Government Agencies and/or Firms for whom Bidder has provided similar Services during the last three (3) years:

LIST OF REFERENCES

1. Agency or Firm Name:	Sarpy County, NE
Location of the Service:	Papillion, NE
Contact Person and Title:	Daniel Toleikis Chief Financial Officer
Telephone:	402 593 5958
Email Address:	dant@sarpy.gov
Description of Service:	Internal audit outsourcing
Date(s) When Service Provided:	2022 - present
2. Agency or Firm Name:	Los Angeles Department of Building and Safety (CA)
Location of the Service:	Los Angeles, CA
Contact Person and Title:	Osama Younan General Manager, Superintendent of Building
Telephone:	213 482 6800
Email Address:	osama.younan@lacity.org
Description of Service:	Internal audit services
Date(s) When Service Provided:	2024 - 2025
3. Agency or Firm Name:	City of Glendale, AZ
Location of the Service:	Glendale, AZ
Contact Person and Title:	Mike Kingery Internal Audit Program Manager
Telephone:	623 930 2103
Email Address:	mkingery@glendaleaz.com
Description of Service:	Internal audit services
Date(s) When Service Provided:	2024 - present

Signature and acknowledgment by signing below, I certify that I am authorized by the company named above to respond to this request.

Company/Firm Name	UHY Advisors Mid-Atlantic, Inc.		
Address	8601 Robert Fulton Dr., Suite 210, Columbia, MD	Zip:	21046
Contact Name	Jack Reagan		
Email	jreagan@uhy-us.com	Phone	410 423 4832
Fax	410 381 5538	Signature	<i>Jack Reagan</i>

ATTACHMENT E – CERTIFICATION OF FINANCIAL CONDITION

ATTACHMENT E – CERTIFICATION OF FINANCIAL CONDITION

Solicitation #: PUR 26-016

Vendor Name: UHY Advisors Mid-Atlantic, Inc.

The undersigned hereby certifies that: [check all applicable boxes]

The Vendor is in sound financial condition and, if applicable, has received an unqualified audit opinion for the latest audit of its financial statements.

Date of latest audit: _____* (If no audit within past 18 months, explain reason below.)

The Vendor has no outstanding liabilities, including tax and judgment liens, to the Internal Revenue Service or any other government entity.

The Vendor is current in all amounts due for payments of federal and state taxes and required employment-related contributions and withholdings.

The Vendor is not the subject of any current litigation or findings of noncompliance under federal or state law.

The Vendor has not been the subject of any past or current litigation, findings in any past litigation, or findings of noncompliance under federal or state law that may impact in any way its ability to fulfill the requirements of this Contract.

He or she is authorized to make the foregoing statements on behalf of the Vendor.

Note: This shall constitute a continuing certification and Vendor shall notify the Contract Lead within 30 days of any material change to any of the representations made herein.

If any one or more of the foregoing boxes is NOT checked, Vendor shall explain the reason(s) in the space below. Failure to include an explanation may result in Vendor being deemed non-responsive and its submission rejected in its entirety.

Signature: Jack Reagan

Date: November 17, 2025

Printed Name: Jack Reagan

Title: Managing Director

* As a privately held organization, we are not required to obtain audited financial statements. As a top 30 accounting firm in the United States, we have the financial strength to fulfill our obligations under this contract. UHY is of sufficient financial substance to perform the specified services. Our financial resources are further supported by appropriated borrowing capabilities at reputable financial institutions, a strong balance sheet, and the equity contributions of our partners. Please find attached a letter of financial strength from our COO.



UHY-US
 8601 Robert Fulton Drive
 Suite 210
 Columbia, MD 21046
 (410) 720-5220
uhy-us.com

CONFIDENTIAL

November 17, 2025

Jason Farrow
 Procurement Specialist
 City of Stockton, CA
 425 N El Dorado Street
 Stockton, CA 95202

RE: PUR 26-016 – Internal Auditing Services

Dear Mr. Farrow:

Please accept this letter of financial representation in lieu of financial statements for UHY-US and related entities for our response to your request for information. We do not have audited financial statements, nor do we share our financial statements as we are privately held.

As a duly authorized executive, I represent and certify that the following information is true and accurate for the period identified:

Financial Information for the Twelve Months ended December 31:

Year	<u>2022</u>	<u>2023</u>	<u>2024</u>
Current Assets:	\$93,207,000	\$101,079,000	\$109,541,000
Total Assets:	\$111,447,000	\$130,001,000	\$649,380,000
Current Liabilities:	\$55,436,000	\$47,219,000	\$76,653,000
Net Operating Income:	\$11,670,000	\$7,133,000	\$1,903,000

Sincerely,

Thomas D Bomberski

Thomas Bomberski
 COO
 UHY Advisors Inc.

ATTACHMENT G - SUBCONTRACTOR LIST

ATTACHMENT G - SUBCONTRACTOR LIST PUR 26-016

PLEASE LIST BELOW ALL SUBCONTRACTORS CONTRIBUTING TO THIS WORK

Each bidder shall give the name, business address, license number, description of the work, and the dollar amount to be PAID the subcontractor, for each subcontractor that will be used on the project, if the Bidder is awarded the contract. Only subcontractors with work in excess of one-half of one percent (0.5%) or \$10,000 (whichever is greater) of the Bidder's total bid need to be listed. All work in excess of one-half of one percent (0.5%) or \$10,000 (whichever is greater) of the Bidder's total bid, for which a subcontractor is not listed on this form, shall be performed by the Bidder's own organization. Additional numbered pages listing proposed subcontractors may be attached to this page. Each page shall be headed "Proposed Subcontractors" and shall be signed by the Bidder.

PRINT LEGIBLY OR TYPE

BUSINESS NAME/ADDRESS	CONTACT	PHONE NUMBER	LICENSE NUMBER & LICENSE CLASSIFICATION	TYPE OF WORK	AMOUNT
ThirdLine, Inc 12 N Cheyenne Tulsa, OK 74103	David Osborn, CPA, CEO	918-956-8673	N/A	Data analytics and forensic audit expertise	\$10,000



ATTACHMENT H - EXCEPTIONS

ATTACHMENT H - EXCEPTIONS PUR 26-016

UHY takes no exceptions



ADDENDA

**REQUEST FOR PROPOSAL (RFP)
INTERNAL AUDITING SERVICES
FOR THE CITY OF STOCKTON, CALIFORNIA
PUR 26-016**

ADDENDUM No. 1

DATE: Thursday, October 30, 2025

To All Potential Proponents:

A. This Addendum shall be considered part of the proposal documents for the above-mentioned project as though it had been issued at the same time and shall be incorporated integrally therewith. Where provisions of the following supplementary data differ from those of the original proposal documents, this Addendum shall govern and take precedence. PROPONENTS MUST SIGN THE ADDENDUM AND SUBMIT THIS FORM WITH THEIR PROPOSALS.

B. Proponents are hereby notified that they shall make any necessary adjustments in their estimates as a result of this Addendum. It will be construed that each Proponent's Proposal is submitted with full knowledge of all modifications and supplemental data specified herein.


ADDENDUM NUMBER:

- I. THE ANSWERS FROM THE SUBMITTED QUESTIONS WILL BE POSTED ON TUESDAY, NOVEMBER 4, 2025**

PROPONENT MUST ACKNOWLEDGE THIS ADDENDUM BY SIGNING BELOW AND ATTACHING THE SIGNED ADDENDUM TO THE PROPOSAL:

Company Name UHY Advisors Mid-Atlantic, Inc.

Contact Person Jack Reagan

Signature 

Date November 17, 2025

Proposals Due – Promptly by 2:00 P.M., Thursday, Opening Date Thursday, November 20, 2025 at city.clerk@stocktonca.gov

-----City of Stockton Use Only below this line-----

Addendum acknowledged and signed? _____ (Procurement Specialist's initials)



**REQUEST FOR PROPOSAL (RFP)
INTERNAL AUDITING SERVICES
FOR THE CITY OF STOCKTON, CALIFORNIA
PUR 26-016**

ADDENDUM No. 2

DATE: NOVEMBER 5, 2025

To All Potential Proponents:

A. This Addendum shall be considered part of the proposal documents for the above-mentioned project as though it had been issued at the same time and shall be incorporated integrally therewith. Where provisions of the following supplementary data differ from those of the original proposal documents, this Addendum shall govern and take precedence. PROPONENTS MUST SIGN THE ADDENDUM AND SUBMIT IT WITH THEIR PROPOSALS.

B. Proponents are hereby notified that they shall make any necessary adjustments in their estimates as a result of this Addendum. It will be construed that each Proponent's Proposal is submitted with full knowledge of all modifications and supplemental data specified herein.

QUESTIONS AND ANSWERS

1. Is the work expected to be on site or is remote acceptable?

A. The majority of work is expected to be done remotely; however, attendance at in-person meetings (e.g. City Council, Council Audit Committee) will be required as needed/requested by the Council.

2. Will the board presentations be in person or virtual?

A. Board presentations will always be conducted in-person, unless there are extenuating circumstances, such as a last-minute emergency meeting, that would not allow for sufficient time to travel.

3. Are the services listed in the scope of work being performed by an external contractor or in-house?

A. The services listed in the scope of work were being performed by an external firm for the last 12 years. The City does not currently have either an external firm or in-house position fulfilling the scope of work.

4. Is the scope of work covered by this RFP the same as the previous contract?

A. There are some differences, but the core scope remains consistent with the previous engagement, aligned with Charter-defined City Auditor duties and Government Auditing Standards.

5. When was the last enterprise-wide risk assessment performed for the City? Please provide a copy.

A. All reports are available on the City's website, posted to Audit Committee agendas.

6. Is there any known or alleged fraud that should be considered as part of this RFP?

A. No.

7. Provide a breakdown of prior year's fees for the 5 scope areas listed in the RFP?

A. The City does not publicly itemize prior-year fee allocations by scope area; proposers should submit pricing consistent with their proposed staffing and workplan.

8. What is the budget the City has established for this RFP?

A. Funding for internal auditing services is appropriated annually by Council within the General Fund. Proposers should provide a cost proposal reflective of their professional judgment and competitive market rates.

9. On average, how many meetings is the internal auditor required to attend per year?

A. The Council Audit Committee meets monthly and the City Council generally meets twice a month. The expectation is that the internal auditor attend all Council Audit Committee meetings and that they attend City Council meetings as requested.

10. What were the total hours spent providing the services enumerated in the RFP last year?

A. As a contracted chartered office, the expectation was that they were available at all times and were paid to fulfill the scope of work.

11. Elaborate on the level of coordination with external auditors?

A. The City Auditor typically meets with the external auditors to discuss upcoming audits and meets again after audits are complete to incorporate any relevant findings into the workplan for the following year.

12. Will the City consider proposed exceptions to the standard contract terms and conditions including but not limited to exceptions to the standard indemnification and limitation of liability clauses? If so, should contractors use Attachment H - Exhibit, and if not, what is a preferred format/timeline to submit these exceptions?

A. The City will consider proposed exceptions. Please utilize Attachment H – Exceptions for this purpose.

13. To whom will the selected vendor report to administratively (e.g. for routine tasks, status updates, meetings, etc.)?

A. The selected firm will primarily communicate with City staff within the City Manager's Office to coordinate agendas, prepare items for Council Audit Committee, and handle other administrative tasks. However, ultimately the Internal Auditor is a direct report to the City Council and serves at the pleasure of the City Council.

14. How often does the City Auditor meet with the Audit Committee? If applicable, which types/frequency of reporting, updates, or other communications does the City Auditor provide to the Audit Committee outside of the scheduled meetings?

A. The City Auditor is expected to attend all Council Audit Committee (CAC) meetings, which currently are held on a monthly basis. Past practice has been to propose a workplan at the beginning of the calendar year to the Council Audit Committee – once approved, the City Auditor is expected to provide a status update at every CAC meeting on the workplan. Any changes to the workplan, such as additional priorities, must be approved by the CAC.

15. Does the City plan to internally source the City Auditor function before the end of the base three-year term of this agreement?

A. The City Council is evaluating potential options for reinstating a full-time in-house City Auditor but has not yet taken formal action. The selected firm should be prepared to provide services through the full initial three-year term.

16. May the City provide a copy of the most recently approved audit plan? If a plan may not be provided, approximately how many audits and projects (or total hours) are included in the plan each year?

A. Prior annual plans are available online through the Council Audit Committee agendas.

17. Scope of Services (beginning on page 6) lists five requested service types (A - E). Which service area(s) are typically allocated the greatest and least amount of time per year, respectively?

- a. Internal City Auditor Services
- b. Risk Assessment Services
- c. Internal Control Audits
- d. Performance and Operational Audits
- e. Follow-up and Reporting

A. Performance and Operational Audits and Internal Control Audits typically receive the greatest allocation; Follow-up and Reporting the least.

18. Section 5.0 Selection Criteria & Evaluation (beginning on page 8) lists six evaluation criteria (e.g., Qualification, Approach, Scheduled, etc.). Will the City clarify and explain any weighted criteria, points assigned, or other scoring methodology being applied to these criteria?

A. Evaluation will consider all six criteria. The precise weighting of each category is not provided, but the relative importance is indicated by order of listing.

19. Please provide or indicate which policy vendors will be required to follow for submitting reimbursable travel expenses.

A. The City does not require vendors to conform to its travel policies. Any costs associated with travel would be included in the routine invoices to the City. Per the terms of the agreement, the City may question the reasonableness of costs associated with any aspect of the contract and request additional supporting documentation.

20. Is the City able to share the reason for Moss Adam's resignation in May 2025?

A. No.

21. What is the annual budget for this engagement?

A. Funding for internal auditing services is appropriated annually by Council within the General Fund. Proposers should provide a cost proposal reflective of their professional judgment and competitive market rates.

22. How many audits are expected per year in each of the following areas? A. Internal Control Audits B. Performance and Operational Audits

A. The City Auditor proposes a workplan to the Council Audit Committee (CAC) at the beginning of the calendar year which outlines how they will pursue the priorities of the CAC within the allocated budget for that year. The number of audits to be conducted in any given year will vary depending on the priorities of the CAC and available funding.

23. How many hours are expected for Business Process team members per year in each of the following areas? A. Internal City Auditor Services B. Risk Assessments Services C. Internal Control Audits D. Performance and Operational Audits E. Follow-up and Reporting

A. The City has not established a set number of hours for each service area. Respondents should propose the level of effort and staffing hours they

believe are necessary to adequately fulfill the Scope of Services in a manner consistent with industry adopted methodology and best practices.

24. How many hours are expected for IT team members per year in each of the following areas? A. Internal City Auditor Services B. Risk Assessments Services C. Internal Control Audits D. Performance and Operational Audits E. Follow-up and Reporting

A. The City has not predetermined or prescribed the number of hours for IT-related services. Respondents should identify the staffing levels and hours they believe are necessary to effectively perform the work described in the Scope of Services.

25. Does the City use audit software for internal audit workpapers? If so, which software is used?

A. The City does not currently maintain an internal audit software license; the consultant may use its own system provided confidentiality standards are maintained.

26. Will the selected firm have access to the workpapers of the prior auditor, including risk assessments and enterprise internal controls reviews?

A. Yes.

27. How many meetings are expected per year?

A. Currently, the Council Audit Committee meets monthly and there are several City Council meetings throughout the year that will require City Auditor participation, so approximately 16-18 per year. Additionally, a regular check-in call with City staff within the City Manager's Office will be scheduled (usually monthly).

28. Is the answering of calls to the Ethics, Fraud, Waste and Abuse Hotline outsourced to a third party or is it handled internally by the City?

A. The hotline is administered by the firm selected to be the City Auditor; calls are expected to be triaged by the firm and referred to City management as appropriate.

29. How often are the citywide risk assessments performed?

A. Typically, every 2 to 3 years.

30. Can the City provide a listing of the business processes and number of controls per process area typically in-scope for internal audit?

A. In-scope processes vary annually by risk assessment. Typical functional areas include payroll, procurement, utility billing, etc. Exact control counts are not fixed.

31. Can the City please confirm which in-scope applications and number of IT controls are in-scope for internal audit?

A. The City has a wide variety of applications and associated IT controls, unfortunately the exact number is not readily available. The City's primary ERP system is Tyler Technologies.

32. Are any of the in-scope applications hosted and managed by a vendor? Where are the systems hosted? On-premises, cloud, hybrid, etc.?

A. Yes. The City utilizes both on-premises and cloud-based systems (e.g. Tyler Technologies ERP).

33. Are information technology policies, procedures, and processes centralized and standardized across systems and locations? If not, please briefly summarize the extent of de-centralization/distribution and variation.

A. Yes. The Information Technology Department is responsible for overseeing the implementation and enforcement of directives, policies, and procedures for technology across the City.

34. Can the City please describe the size and complexity of the IT environment (number of servers, users, applications, locations, etc.)?

A. The City has over 1,500 employees who interact with a wide variety of applications and platforms. The City has users across many different City facilities, including but not limited to the Police Station, Emergency Operations Center, City Hall, libraries, and community centers.

35. How many IT Risk Assessments are typically performed each year?

A. It varies from year to year depending on the priorities of the Council Audit Committee.

36. How many IT Audits are typically performed each year?

A. It varies from year to year depending on the priorities of the Council Audit Committee and the number of IT-related outstanding audit findings.

37. How many Entity level controls are in-scope for internal audit?

A. The number of controls is revisited annually during the creation of the workplan.

38. How many SOC reports are estimated to be received for review on an annual basis and for which systems?

A. The City receives a limited number of SOC reports annually for key third-party systems and hosted applications (e.g., Munis ERP, Workday, ADP, and other critical vendors).

39. Are offshore teams allowed to work on the project?

A/ No. All work must be performed within the United States to comply with confidentiality and data-protection requirements.

40. Attachment F – Cost/Price only contains space for one hourly rate for Consulting Fees. Should the respondents provide hourly rates by labor category?

A. Attachment F – Cost/Price Proposal may be edited, or you may utilize your own cost/price proposal. We ask that the cost/price proposal is accurate for proper evaluation.

41. 4.1 Proposal Guidelines, Content, and Format (Page 8) Sub-section H. reads “The original proposal shall be signed.” Can the City please confirm/clarify if electronic signatures are acceptable for the proposal and any associated documents/forms?

A. Electronic and wet signatures are both acceptable.

42. What is the primary reason for Moss Adams terminating the previous agreement for Internal Auditing Services?

A. Moss Adams did not provide a reason in their letter of Termination of Services.

43. Can you provide Moss Adam’s transition plan?

A. There are several transition plans that will be provided to the selected firm.

44. Can you please provide the last annual Risk Assessment that was conducted?

A. All previous Risk Assessment Reports can be found within the publicly available agendas for the Council Audit Committee on the City’s website.

45. Can you please provide the Annual Audit Plans for the past three years?

A. All previous Annual Audit Plans can be found within the publicly available agendas for the Council Audit Committee on the City’s website.

46. If different from those listed in the Annual Audit Plans, what were the audits completed in the last three years?

A. N/A.

47. How many Hotline calls have been received in the past three years? How many were investigated? How many were substantiated?

A. The City does not have the information to answer this question currently.

48. Is there intent or plan to move the internal audit function back in-house? If so, what is the timeline for the transition back to in-house?

A. There is no approved plan in place to move the internal audit function back in-house. City Council considered it during the Annual Budget process in June 2025, but concluded it was cost prohibitive. City Council retains the right to hire and fire any individual or firm to fulfill the role of City Auditor.

49. Is the City satisfied with the services provided by Moss Adams?

A. Yes.

50. What would another provider need to demonstrate in order to exceed the value Moss Adams has provided to the City?

A. The City will be satisfied with a future provider who can fulfill the scope of work of the RFP while navigating the complexity of one of California's largest municipalities.

51. Can you clarify the expected number of internal control audits and performance/operational audits to be conducted on an annual basis for the upcoming 3-year period?

A. The number of audits will be determined on an annual basis during the creation of the workplan for that year. Typically, the discussion will consider future years as well, but the workplan itself is only set for that particular year.

52. Are there any specific areas of concern or priority for the City Council or Audit Committee that should be incorporated into the Risk Assessment and/or Audit Plan?

A. Procurement, payroll, contract management, grant compliance, IT security, and enterprise risk management have been identified as ongoing priorities.

53. Does the City utilize any specific GRC or internal audit software? If so, what system(s) does the City utilize?

A. No.

54. If Plante Moran were to subcontract with a local vendor, would the City award points for local vendor presence, in line with the City’s local business preference policy?

A. Not applicable for this solicitation.

PROPONENT MUST ACKNOWLEDGE THIS ADDENDUM BY SIGNING BELOW AND ATTACHING THE SIGNED ADDENDUM TO THE PROPOSAL:

Company Name UHY Advisors Mid-Atlantic, Inc.

Contact Person Jack Reagan

Signature 

Date November 18, 2025

Proposals Due – Promptly by 2:00 P.M., Thursday, Opening Date (Month Day, Year) at city.clerk@stocktonca.gov

-----City of Stockton Use Only below this line-----

Addendum acknowledged and signed? _____(Procurement Specialist’s initials)



Jack Reagan
Managing Director
410 423 4832 | jreagan@uhy-us.com

UHY Advisors Mid-Atlantic, Inc.
8601 Robert Fulton Drive, Suite 210
Columbia, MD 21046

NATIONAL

For a complete listing of our U.S. offices,
please visit: www.uhy-us.com/locations

GLOBAL

For a complete listing of our member firms,
please visit: www.uhy.com/locations

866-993-6723
info@uhy-us.com

"UHY" is the brand name under which UHY LLP and UHY Advisors, Inc. provide professional services. The two firms operate as separate legal entities in an alternative practice structure. UHY LLP is a licensed independent CPA firm that performs attest services. UHY Advisors, Inc. provides tax and business consulting services through subsidiary entities. UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited (UHY International), a UK company, and form part of the international UHY network of legally independent accounting and consulting firms. Any services described herein are provided by UHY Advisors, Inc. and/or UHY LLP (as the case may be) and not by UHY International or any other member firm of UHY International. Neither UHY International nor any member of UHY International has any liability for services provided by other members.

©2025 UHY LLP. All rights reserved. [1024]