



Fillmore and Piru Basins *Groundwater Sustainability Agency*

Fillmore and Piru Basins Groundwater Sustainability Agency

REQUEST FOR PROPOSALS
For
PROFESSIONAL AUDITING SERVICES

Anthony Emmert, Executive Director
FPB GSA
c/o UWCD
106 N 8th Street
Santa Paula, CA 93060

FPB GSA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

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**FPB GSA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES**

I. INTRODUCTION

A. General Information

Fillmore and Piru Basins Groundwater Sustainability Agency (FPB GSA) (Agency) is requesting proposals from qualified certified public accountant firms to audit its financial statements for the fiscal year ending June 30, 2018, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in the current *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*.

There is no expressed or implied obligation for FPB GSA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

To be considered, three (3) copies of a proposal must be received by Anthony Emmert, Executive Director, at UWCD, 106 N 8th Street, Santa Paula, CA 93060, by **5:00 P.M. on February 01, 2019**. The FPB GSA reserves the right to reject any or all proposals submitted.

During the evaluation process, FPB GSA reserves the right, where it may serve the Agency's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of FPB GSA, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The FPB GSA reserves the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between FPB GSA and the firm selected.

It is anticipated the selection of a firm will be completed by March 21, 2019. Following the notification of the selected firm, a recommendation and proposed contract will be prepared for review and approval by the Agency's Board at its **March 21, 2019** meeting. The FPB GSA reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

B. Term of Engagement

It is the intent of FPB GSA to contract for the services presented herein for a term of three (3) years. FPB GSA reserves the right to extend the term of this contract for two (2) additional one-year terms subject to the satisfactory negotiation of terms, including a price acceptable to both FPB GSA and the selected firm. The proposal package shall present all inclusive audit fees for each year of the contract term.

II. NATURE OF SERVICES REQUIRED

A. Scope of the Work to be Performed

FPB GSA desires a Comprehensive Annual Financial Report (CAFR) for FPB GSA to be prepared by the independent auditor for the fiscal year ended June 30, 2018 and each of the subsequent years of the audit firm's contract with FPB GSA. FPB GSA will be planning to submit the annual financial reports to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program.

The selected independent auditor will be required to perform the following tasks:

The audit firm will perform an audit of all funds of FPB GSA. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. The FPB GSA's annual financial reports will be prepared and word processed by the audit firm. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements, if applicable. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund of FPB GSA.

If required, the audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of FPB GSA's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.

The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the FPB GSA Executive Director.

The audit firm shall, at FPB GSA's request, prepare the Annual State Controller's Reports for Fillmore and Piru Basins Groundwater Sustainability Agency.

B. Auditing Standards to be followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with:

1. Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants;
2. The most recent standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as most recently amended; and
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

C. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by FPB GSA of the need to extend the retention period. The auditor will be required to make working papers available to United Water or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

D. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: Board Secretary/Treasurer, FPB GSA Legal Counsel, and the Executive Director.

III. DESCRIPTION OF THE AGENCY

A. Background Information

Fillmore and Piru Basins Groundwater Sustainability Agency is a joint powers authority comprised of the following three local public agencies: United Water Conservation District (UWCD), County of Ventura (District), and City of Fillmore (City), hereinafter jointly called Agencies. The boundaries of these agencies and the newly formed Fillmore and Piru Basins Groundwater Sustainability Agency are shown on the map uploaded below. UWCD is authorized under the California Water Code to conduct water resource investigations, acquire water rights, build facilities to store and recharge water, construct wells and pipelines for water deliveries, commence actions involving water rights and water use, and prevent interference with or diminution of stream/river flows and their associated natural subterranean supply of water (California Water Code, section 74500 et al.). The County of Ventura exercises water management and land use authority on land overlying the entire county including Fillmore and Piru Basins. The City of Fillmore is a local municipality that exercises water supply, water management, and land use authority within the city's boundaries.

The FPB GSA's current activities consist of the development of groundwater sustainability plans (GSPs) for the Fillmore and Piru groundwater basins, as required by the California Groundwater Sustainability Management Act of 2014 (SGMA). In order to fund the development of the GSPs, in 2018, the FPB GSA initiated a groundwater pumping charge to all well owners and operators within its service area. The pumping charge generates revenue of approximately \$475,000 per year. The FPB GSA has also recently received a groundwater sustainability planning grant from the California Department of Water Resources. FPB GSA's CY 2018 Adopted Budget (for the period of January through June 2018) and its FY 2018-19 Adopted Budget can be found on its website: www.fpbgsa.org.

FPB GSA's fiscal year begins on July 1 and ends on June 30.

B. Magnitude of Finance Operations

FPB GSA has contracted with United Water Conservation District for financial and accounting services. UWCD's Finance Department is headed by Erin Gorospe, Senior Accountant and consists of 6 employees. The principal functions performed are accounting, accounts payable, accounts receivable, groundwater reporting, cash management, budgeting, and financial reporting.

C. Computer Systems

UWCD utilizes computerized systems run on a Local Area Network (LAN). The accounting functions are computerized using QuickBooks software on a Windows platform. The applications operating on this system are general ledger, accounts payable, accounts receivable, cash collection/management, and project accounting.

E. Availability of Prior Reports and Work Papers

As FPB GSA was formed in June of 2017 and did not begin assessing fees or accumulating funds until January 2018, there are no prior audit reports or related work papers for review by the successful Proposer.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to, and including, the date proposals are to be submitted:

<u>Date</u>	<u>Activity</u>
December 24, 2018	Request for proposal issued
February 1, 2019	Due date for proposals (due by 5:00 p.m.)
March 11-15, 2019	Oral Interviews (conducted at FPB GSA's discretion)
March 18-20, 2019	Selection of audit firm anticipated
March 21, 2019	Contract awarded by Board

B. Date Audit May Commence

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage. It is expected FPB GSA will close its books and be ready for the final audit by mid-September. FPB GSA is ready to commence its audit for FY 2017-18.

C. Date Reports Are Due

The auditor shall provide all drafts and recommendations for improvements to the Board Secretary/Treasurer within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed annual financial reports, Single Audit report and other reports shall be delivered to the Board Secretary/Treasurer. It is anticipated that this process will be completed and the final products to be delivered by mid-November of each year.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department Assistance

UWCD's Finance staff will be available during the audit to assist the firm by providing information, documentation, and explanations. While Finance staff is willing to assist the firm in the collection of information and documentation, due to workload and staffing limitations, it is expected and anticipated that the firm will collect a substantial part of the documentation needed from the files provided by the Finance staff.

B. Work Area, Telephone, and Office Equipment

FPB GSA will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, a computer with access to the general ledger system, access to paper documentation files and photocopying machines.

C. Report Preparation

Report preparation, editing, printing, tabbing, and binding shall be the responsibility of the auditor. *Comprehensive Annual Financial Report (10 copies)*

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Anthony Emmert – Executive Director
tonye@unitedwater.org or (805) 525-4431

CONTACT WITH PERSONNEL OF FPB GSA or UWCD OTHER THAN THE ABOVE REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

2. Submission of Proposal. Three (3) copies of the Proposal shall be received by FPB GSA **by 5:00 p.m. on February 1, 2019** for a proposal to be considered. The Proposal should address the items listed in sections C and D below.

The Proposal should be addressed as follows:

**Fillmore and Piru Basins Groundwater Sustainability Agency
Anthony Emmert, Executive Director
c/o UWCD
106 N 8th Street
Santa Paula, CA 93060**

B. Format for Technical Proposal

1. Title Page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
2. Table of Contents identifying the materials submitted by section and page number. Cross-referencing to section and page number in the RFP would be helpful.
3. Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; and the name(s) of the person(s) authorized to represent the Proposer, title, address, and telephone number.
4. Detailed Proposal following the order set forth in Section C below.

C. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the District in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should

demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all points outlined in the request for proposals (excluding any cost information which should only be included in the Sealed Dollar Cost Bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

1. License to Practice in California

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

2. Independence

The firm should provide an affirmative statement that it is independent of United Water as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's *Government Auditing Standards*.

3. Firm Qualifications and Experience

To qualify the firm must have extensive experience in audits of local governments as well as experience with preparation of Comprehensive Annual Financial Statements in GASB 34 format. The Proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.

The Proposer must provide a list of all current government clients.

The Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements.

The Proposer shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. Additionally, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) three years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of FPB GSA. However, in either case, FPB GSA retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also please indicate whether the audit was part of a Comprehensive Annual Financial Report prepared in conformance with all GASB requirements. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.

Please provide a list of not less than five client references for whom services similar to those outlined in the RFP are currently being provided. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the responsible person within the reference's organization. FPB GSA reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as FPB GSA's budget and related materials, financial reports and other administrative documents as appropriate.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation for the engagement;
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- c. Sample size and the extent to which statistical sampling is to be used in this engagement;
- d. Type and extent of analytical procedures to be used in this engagement;
- e. Approach to be taken to gain and document an understanding of the District's internal control structure;
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from FPB GSA.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

D. Contents of Cost Proposal

1. Total All-Inclusive Maximum Price

The cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

FPB GSA will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The cost proposal should be submitted in the format provided in Attachment A, "AUDIT WORK COST PROPOSAL FORM" and Attachment B, "ESTIMATE OF COST".

2. Manner of Payment

Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. *Review of Proposals*

FPB GSA's Executive Director and UWCD Finance staff will evaluate submitted proposals.

B. *Evaluation Criteria*

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any of the work performed by the firm for FPB GSA.
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. The firm's past experience and performance on comparable government engagements.
- f. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- g. Adequacy of proposed staffing plan for various segments of the engagement.
- h. Thoroughness of approach to conducting the audit of the District and demonstration of the understanding of the objectives and scope of the audit.
- i. Commitment to timeliness in the conduct of the audit.
- j. Maximum fees to conduct the audit.

Attachment A

AUDIT WORK COST PROPOSAL FORM

Service	2017/18	2018/19	2019/20
FPB GSA Audit and Related Reports	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$
FPB GSA State Controller's Report	\$	\$	\$
Total for Fiscal Year (not-to exceed)	\$	\$	\$

Attachment B

ESTIMATE OF COST

Name of Firm: _____

Address: _____

Contact Name: _____

Contact Phone #: _____

Fax #: _____

Contact Email: _____

1. Auditor's Standard Billing Rates

Auditors Standard Hourly Billing Rates					
POSITION	2017/18	2018/19	2019/20	2020/21	2021/22
Partner	\$	\$	\$	\$	\$
Manager	\$	\$	\$	\$	\$
Senior Accountant	\$	\$	\$	\$	\$
Staff Accountant	\$	\$	\$	\$	\$
Clerical	\$	\$	\$	\$	\$