



Ventura
Local Agency Formation Commission

REQUEST FOR PROPOSALS

INDEPENDENT AUDIT SERVICES

Proposal Due:
September 10, 2010
on or before 5:00 p.m. (Pacific Time)

Return Proposals to:
Ventura Local Agency Formation Commission
Attn: Kim Uhlich, Executive Officer
County Government Center, Hall of Administration
800 S. Victoria Avenue
Ventura, CA 93009-1850

Telephone: (805) 654-2866
Fax: (805) 477-7101

Request for Proposals for Professional Auditing Services

I. General Information

The Ventura Local Agency Formation Commission (Commission or Ventura LAFCo) is seeking proposals from qualified certified public accounting firms to audit its financial statements for the fiscal year ended June 30, 2010, with an option for extension for the fiscal years ending June 30, 2011 and June 30, 2012. The audits are to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, as well as any other current and applicable federal, state, local or programmatic audit requirements.

There is no expressed or implied obligation for the Commission 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. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

To be considered, two (2) copies of a proposal must be received by Kim Uhlich, Executive Officer, Ventura Local Agency Formation Commission, County Government Center Hall of Administration, 800 S. Victoria Avenue, Ventura, CA 93009-1850, on or before September 10, 2010 (5:00 p.m. Pacific Time). The Commission reserves the right to reject any or all proposals submitted. During the evaluation process the Commission reserves the right, where it may serve the Commission's best interest, to request additional information or clarifications from responders, or to allow corrections of errors or omissions. At the discretion of the Commission, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Commission reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Commission and the firm selected.

It is anticipated the selection of a firm will be completed by the end of September, 2010. Following the notification of the selected firm, it is expected a contract will be executed in October, 2010. A one-year contract with a two-year extension option is contemplated. The two-year extension option will be subject to review by the Commission and satisfactory negotiation of terms (including a price acceptable to the Commission and the selected firm).

II. Description of the Ventura Local Agency Formation Commission and its Governance

The Ventura LAFCo was formed and operates under the provisions of state law, specifically what is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. (California Government Code Sec. 56000 et seq.). State law provides for local agency formation commissions (LAFCos) to be formed as independent agencies in each county in California. LAFCos implement state law requirements and local policies relating to boundary changes for cities and most special districts, including spheres of influence, incorporations, annexations, reorganizations and other changes of organization. In this capacity the Ventura LAFCo is the boundary agency for cities and most special districts in Ventura County.

The Ventura LAFCo is a seven-member commission, consisting of the following: two members of the Ventura County Board of Supervisors, two members from the city councils within the County, two members from the independent special district boards of directors within the County and one member from the public at large. For each membership category, an alternate Commissioner serves in the absence of the regular member. Staff to the Ventura LAFCo consists of an Executive Officer, Deputy Executive Officer, Commission Clerk/Office Manager, one part-time administrative employee and legal counsel. Pursuant to a Memorandum of Agreement, the County of Ventura provides legal, personnel and support services, offices and other materials as requested by the Ventura LAFCo.

The Commission operates under a single-program government fund with an annual budget of approximately \$775,000. Funding for operations comes primarily from the County, the 10 cities and 28 independent special districts, with each governmental category contributing a third. Although the County of Ventura contributes one-third of the Commission's net operational costs, the Commission is an independent agency and its budget is not subject to County approval. In addition to the agency contributions, other sources of revenue include applicant fees and interest earnings.

The Commission may make additions to and/or deletions from the Scope of Work of this request for proposals, and to the component parts thereof, as deemed necessary.

III. Scope of the Work to be Performed & Standards to be Followed

1. The audit is to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, as well as any other current and applicable federal, state, local or programmatic audit requirements.

2. The audit will cover the general purpose financial statements of the Commission and supporting documentation and schedules.
3. The audit firm will issue a separate Management Letter that includes recommendations, if any, for improvements in internal control that are considered to be significant deficiencies or material weaknesses.

Commission staff will cooperate with and will be available during the audit to assist the audit firm by providing information, analysis, documentation, schedules and explanations. Staff will also provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephone/internet lines, photocopying facilities and a fax machine. Commission staff will prepare the MD&A. Report preparation, editing, printing, tabbing, and binding are the responsibility of the audit firm.

All working papers and reports are to be retained at the auditor's expense for a minimum of seven (7) years. The audit firm shall make working papers available to the Commission on request.

IV. Work Completion Milestones

Observe the following schedule in addition to complying with any statutory and other filing and reporting deadlines:

- October 29, 2010 Auditor to provide Commission with an audit plan and a list of schedules to be prepared for interim and final fieldwork.
- January 14, 2011 Auditor fieldwork shall be completed.
- February 18, 2011 Draft financial statements shall be submitted by the audit firm to the Commission.
- March 4, 2011 Ten (10) bound copies and one (1) PDF copy of the *Ventura LAFCo Financial Statements and Independent Auditor's Report* and the Management Letter [three (3) copies and one (1) PDF] shall be submitted to the Commission.

V. Proposal Requirements

Two (2) copies of the following materials are required to be received by September 10, 2010, at 5:00 p.m. Pacific Time for a proposing firm to be considered:

1. Title Page – The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and Federal Identification Number.
2. Cover Letter – The cover letter should set forth the following:
 - A. The firm's understanding of the work to be performed, the commitment to perform the work in the required time frame, any additions to the scope of work that the firm believes are prudent or necessary and the reasons why, and statements as to why the firm believes it is best qualified to perform the engagement
 - B. Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Commission.
 - C. The offer is a firm, irrevocable offer for 90 days from September 10, 2010.
 - D. Indicate whether the firm is an Equal Opportunity Employer.
3. Table of Contents.
4. Technical Proposal – The Technical Proposal should address all the points outlined in this request for proposals. While additional data may be presented, the following subjects, items 4A through 4K below, **must** be included:
 - A. An affirmative statement that the audit firm is independent of the Ventura LAFCo, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.
 - B. An affirmative statement that the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California.
 - C. An affirmative statement that that the firm will maintain the required minimum insurance requirements: \$1,000,000 for professional liability and commercial general liability (\$2,000,000 annual aggregate) and \$1,000,000 for workers compensation and commercial automobile liability.

Prior to any commencement of audit services, the selected firm will be required to provide certificates of insurance coverage to the Commission.

- D. 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.
- E. The principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is 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 three (3) years and membership in professional organizations relevant to the performance of this audit.
- F. A copy of the firm's most recent peer review report.
- G. For the firm's office that will be assigned responsibility for the audit, the most significant engagements performed in the last three (3) years that are similar to the engagement described in this request for proposals.
- H. A list of not less than three (3) client references for which services similar to those outlined in this request for proposals have recently been, or are currently being, provided. For each reference listed provide the name of the organization, dates of service(s), type of service(s) provided and the name, address, e-mail address and telephone number of the appropriate contact.
- I. Identify and describe recent changes in auditing standards and accounting principles and pronouncements, if any, and their impact on the audit approach and the presentation, scope and disclosure of the financial report.
- J. Copies of standard client-prepared audit schedules the firm anticipates Commission staff to provide.
- K. Maximum Fee and Hourly Rates – The maximum fee and estimated hours for the audit should be provided for fiscal years ending June 30, 2010, 2011 and 2012. The fees should be inclusive of any out-of-pocket expenses incurred by the audit firm. Hourly rates for the firm's partner, manager, senior accountant and staff accountant should also be included.

VI. Evaluation Methodology

1. Proposals will be evaluated using the following sets of criteria:

A. Mandatory Elements

- (1) The audit firm is independent and licensed to practice in California.
- (2) The firm has no conflict of interest with the Ventura LAFCo.
- (3) The firm follows the instructions set forth in this request for proposals.

B. Technical Qualifications

- (1) The firm's past experience with comparable government engagements.
- (2) 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.
- (3) Thoroughness of approach to conducting the audit and demonstration of the understanding of the objectives and scope of the audit.
- (4) Commitment to work completion timeline.

C. Maximum fee to conduct the audit in each of the years specified.

Firms meeting the mandatory criteria above will have their proposals evaluated and scored for both technical qualifications and price. Technical qualifications will represent 80% of the weight of the evaluation criteria. Price will be assigned a 20% weighting in the overall evaluation.

2. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Ventura LAFCo and the firm selected. The Ventura LAFCo reserves the right without prejudice to reject any or all proposals.
3. Questions regarding this request for proposals are to be directed by email to: Kim Uhlich, LAFCo Executive Officer, at kim.uhlich@ventura.org. Such contact should be for clarification purposes only. Material changes, if any, to the scope of services or proposal procedures will only be transmitted by written addendum.