



Calleguas Municipal Water District

Request for Proposals

Professional Audit Services

February 28, 2020

Proposal Submittal Due Date April 3, 2020

Documents available online at: www.calleguas.com

REQUEST FOR PROPOSAL PROFESSIONAL AUDITING SERVICES

Calleguas Municipal Water District is requesting proposals from qualified Certified Public Accounting firms (herein “auditor”) to perform an audit and issue opinions on Calleguas’ financial statements. This request is for a three (3) year contract term beginning with the fiscal year ending June 30, 2020 through June 30, 2022 with the option of extending the contract for two (2) additional one-year periods, at the District’s sole discretion. Audit fees for the additional two years will be negotiated between the District and the selected firm, subject to the concurrence of the District Board.

There is no expressed or implied obligation for Calleguas 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.

RFP Timeline is as follows:

- District Issues RFP – February 28, 2020
- Deadline for Proposal Submission – April 3, 2020
- Oral Interviews – April 13, 2020 to April 15, 2020
- Award of Proposal & Contract Execution – May 6, 2020

I. Background Information

Calleguas Municipal Water District (“District”) was created as a special district in 1953 by ballot measure for the purpose of providing Ventura County with a reliable supply of high quality supplemental water. Today Calleguas provides water service to an estimated population of 660,000 through 21 retail water purveyors. The District’s 365-square-mile service area includes the cities of Oxnard, Port Hueneme, Camarillo, Thousand Oaks, Simi Valley, Moorpark, and surrounding unincorporated areas including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis and Bell Canyon.

The District is a member agency of the Metropolitan Water District of Southern California (MWD). Water is delivered into the Calleguas service area through a system connection with Metropolitan. The majority of Calleguas’ water supply is treated at Metropolitan’s Jensen Treatment Facility in Granada Hills. The District then conveys the high quality drinking water through 150 miles of 20 inch to 78 inch diameter pipelines, nine reservoirs, five hydroelectric generators, and five pump stations to local cities and water agencies for delivery to consumers.

The District’s operating budget for the 2020-21 fiscal year is approximately \$121 million. Calleguas accounts for all of its operations in a single enterprise fund in accordance with

generally accepted accounting principles. Capital projects are budgeted on a multi-year basis. Incomplete capital improvement budget appropriations are carried over to the following fiscal year.

White, Nielsen, Diehl, Evans, LLP, conducted the District's most recent audit. The work papers of previous audits will be available to the successor auditor. The Financial Statements for fiscal year 2018-19 can be found on the District's website.

Additional information is available by request. Calleguas will be more than happy to assist you in obtaining any information you may need. It is the proposing firm's responsibility to obtain a thorough understanding of District, the scope of the audit(s), and the work to be performed in order to successfully complete the audit(s) prior to submitting your proposal and maximum price bid.

II. Scope of Services

- A. Calleguas desires the auditor to prepare Annual Financial Statements, express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles (GAAP). The Auditor shall also be responsible for performing certain limited procedures involving preparation of supplementary information required by the Governmental Accounting Standards Board (GASB) and mandated by generally accepted auditing standards (GAAS). Review other supplementary information and statistical section to make sure it is consistent with information on the financial statements.
- B. The auditor will evaluate the adequacy of the internal control system and, where weaknesses are noted, make appropriate recommendations for improvements.
- C. The auditor will prepare a report to the Board of Directors and Management which identifies control deficiencies, significant deficiencies and material weaknesses, if any, and recommendations for improvements in accounting and administrative controls.
- D. The auditor will prepare a single audit on the expenditures of federal grants, if required, made in accordance with the single audit provisions of OMB Circular A-133.
- E. The audit firm shall prepare the Annual State Controller's Reports complying with the State Controller's Minimum Audit Requirements for California Special Districts/
- F. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Board of Directors and General Manager.
- G. The auditing firm shall provide two (2) bound copies and one (1) electronic version of the auditor's report, single audit and management letters, if any to be incorporated into the annual audit. A representative of the audit firm is expected to attend a Board meeting in December to present the audit to the Board and answer any questions the Board may have.

- H. The auditing firm shall submit a draft of the financial statements to management no later than November 15th, 2020.
- I. Additional Work - If it should become necessary for the District to request the auditor to render additional services to either supplement the services requested in this request for proposal or to perform additional work as a result of the specific recommendations included in any report issued with this engagement, then such additional work shall be performed only if set forth in a written addendum to the contract between the District and the auditor. Any such additional work agreed to between the District and the auditor shall be performed at the same rates set forth in the schedule of fees and expenses included in the formal bidding proposal.

III. Accounting and Auditing Standards

The audit shall be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*; the Single Audit Act Amendments of 1996 (the Single Audit Act); the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*; OMB Circular A-87, *the State Controllers' Minimum Audit Requirements for California Special Districts*; and applicable laws and regulations.

IV. Assistance Available to Auditor

The auditor will be given access to the records of Calleguas and reasonable access to staff for the purpose of interviews and the verification of items within the terms of the audit. Sufficient help will be made available to the auditor for such items as the pulling and re-filing of accounting records and the preparation and mailing of all confirmations. It is expected that the auditor will organize work in such a way as to minimize disruption of work of Calleguas staff.

V. Proposal Provisions

Proposals must be received by e-mail to staylor@calleguas.com, **April 3, 2020 by 4:00 p.m.** Proposals received after this date and time will not be considered.

Calleguas is under no obligation to return proposals and will not be responsible for submittals that are delinquent, lost, mismarked, or sent to an address other than that given, or sent by mail or courier service.

Any unauthorized contact with any other official or employee in connection with this RFP is prohibited and shall be cause for disqualification of the firm.

Proposals shall be signed by an authorized representative and shall be as thorough and detailed as possible so that Calleguas may properly evaluate the auditor's capabilities to provide the required services.

Submission of a proposal constitutes acceptance by the firm of the conditions contained in this request for proposals unless clearly and specially noted in the proposal submitted and confirmed in the contract between Calleguas and the firm selected.

The following material in the prescribed format outlined below **is required to be received by 4:00 p.m. on April 3, 2020, for a proposing firm to be considered:**

1. Title Page

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

3. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for period not less than 180 days.

4. Detailed Proposal

A. Firm Qualifications and Experience

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.

The firm is also required to submit information on the report of its most recent peer review, with a statement whether the peer review included a review of specific government engagements.

The firm shall also provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with any regulatory or professional organizations.

B. 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 the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California.

Provide as much information as possible regarding the number, qualifications and experience of the specific staff to be assigned to this engagement.

Engagement partners, managers, or other supervisory staff may be changed only with the express prior written permission of the District.

C. Similar Engagements With Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the significant engagements (maximum 5) performed in the last three years that are similar to the engagement described in the request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

5. Affirmative Statements

A. Independence

The firm should provide an affirmative statement that it is independent of Calleguas as defined by generally accepted auditing standards and generally accepted government auditing standards.

B. License to Practice

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

6. Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, as well as a schedule (by date and hours) of the work to be performed to meet the requirements of this request for proposals.

7. Fee Proposal

The fee proposal should include all pricing information relative to performing the audit and related services as described in this request for proposal. The total all-inclusive maximum price is to contain all direct and indirect costs, including all out-of-pocket-expenses.

The fee proposal should include the following information:

A. Name of the Firm

B. Certification that the person signing the proposal is entitled to represent the firm and authorized to sign a contract with Calleguas.

C. A Total All-Inclusive Maximum Price for each fiscal year.

D. Rates for Additional Professional Services

Please provide a schedule of rates by partner, specialist, supervisory, and staff level.

Evaluation and Award Criteria

- A. All proposals submitted will be evaluated by a Committee.
- B. During the evaluation process, the committee may, at its discretion, request any or all firms to make oral presentations and personal introduction of the proposed managing accountant and/or senior staff to be involved in the audit. Such presentations will provide firms with an opportunity to answer any questions the Committee may have on a firm's proposal. Not all firms may be selected to make such oral presentations.
- C. Calleguas' Board of Directors will make a decision based on the Committee's recommendations. Final selection will be based on the firm's ability to meet the needs of the District, qualifications, experience, audit approach, and fee. Proposing firms should note that the pricing, while important, will not be the only deciding factor in the final selection.
- D. It is anticipated that a firm will be selected by May 6, 2020. Following notification of the firm selected, it is expected that a contract will be executed between both parties by May 13, 2020.
- E. Request for Clarification

All requests for clarification concerning the RFP shall be made in writing (e-mail is preferable) by March 31, 2020. All requests for clarification shall be directed by E-Mail or Mail to:

Susan Taylor
Accounting Supervisor
2100 Olsen Road
Thousand Oaks, Ca. 91360
staylor@calleguas.com

- F. Effective period of Proposals

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 180 days.

- G. Proposal Reservations

Calleguas reserves the right to:

- Reject any or all proposals received in response to this RFP;
- Request clarification from any Proposer on any or all aspects of its proposal;
- Cancel and/or reissue the RFP at any time;
- Retain all proposals submitted in response to this RFP; and,
- Invite some, all, or none of proposers for interviews and further discussion.

H. Award of Contract

The successful firm will be required to enter into a contract with the District using the District's standard Consultant Agreement. A copy of a sample Consultant Service Agreement is available upon request. Provisions include, but not limited to, indemnification, insurance requirements, applicable compliance to ordinances, laws, regulations, and other terms and conditions.

I. Insurance Requirements

The successful firm shall maintain in force at its own cost at all times during the performance of the assignment insurance in accordance with the provisions of the Consultant Agreement.

J. Contract Term

It is the intent of the District to award the contract for an initial three year (3) period commencing with the fiscal year ending June 30, 2020, with the option to extend for two additional one-year periods, at Calleguas' sole discretion.

K. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings shall cover a period of not less than one (1) calendar month.

L. Termination of Agreement

The District may terminate the agreement, with or without cause, by providing written notice of termination to proposer not less than thirty (30) working days prior to the effective termination date. Calleguas' only obligation in the event of termination will be payment of fees and expenses incurred up to and including the date of termination as specified in the notice of termination.

M. Use of Sub-Contractors

The intent to use sub-contractors to perform any portion of the work described in this RFP must be clearly stated in proposer's response. The response must include a description of the work that will be sub-contracted out, cost of fees and services, and the names and addresses of potential sub-contractors.

Proposer shall be responsible for all services performed under the Agreement with Calleguas by sub-contractors. The selected firm shall not assign or transfer its interest in any contract or sub-contract for sub-contractor services without the prior written consent of the District.

N. Right to Audit

Proposer shall be responsible for ensuring the accuracy and propriety of all billings and shall maintain all supporting documentation for the period of five (5) years following completion of performance of the services, unless the firm is notified in writing of the need to extend the retention period. 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.

O. Release of Information

Proposer shall not make public information releases or otherwise publish any information obtained or produced by it as a result of, or in connection with, the performance of services under the Agreement without prior written consent of the District.

P. Conflict of Interest

Proposers shall identify any existing or potential conflict of interest in its proposal that is related to or arises from this RFP or the work contemplated to be performed herein or under the Agreement. Proposer shall agree not to accept any employment from or perform services with or for any other person, firm, or corporation where such employment is a conflict of interest or where such employment or service is likely to lead to a conflict between Calleguas' interests and the interests of such person, firm, corporation, or any other third party.