



**REQUEST FOR PROPOSALS  
INDEPENDENT AUDIT SERVICES**

**SONOMA RESOURCE CONSERVATION DISTRICT  
1221 FARMERS LANE, SUITE F  
SANTA ROSA, CA 95404**

**PROPOSALS DUE BY 4:00 PM, April 30, 2018**

**SONOMA RESOURCE CONSERVATION DISTRICT**  
**Request for Proposals**  
**Independent Audit Services**

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## **I. INTRODUCTION**

### **A. General Information**

The Sonoma Resource Conservation District (District) is requesting proposals from qualified firms of certified public accountants for a financial and compliance audit for the three (3) fiscal years ending June 30, 2018, 2019 and 2020, with an option to extend the agreement for three (3) additional one-year periods. These audits are to be performed in accordance with generally accepted auditing standards and the standards set forth for financial audits in the Government Accountability Office's (GAO's) *Government Auditing Standards*.

All costs incurred in the preparation of a proposal responding to this Request for Proposals (RFP) will be the responsibility of the firm and will not be reimbursed by the District.

To be considered, **five (5) bound and one (1) electronic copy of the proposal must be received by Adrienne Pettit, Director of Finance, at 1221 Farmers Lane, Suite F, Santa Rosa, CA 95405, by 4:00 p.m. on April 30, 2018.** The District reserves the right to reject any or all proposals submitted. Proposals received after the specified date and time will not be considered.

Efforts will be made by the District to utilize small businesses and minority-owned businesses. A firm qualifies as a small business firm if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

A Selection Committee will evaluate proposals submitted. During the evaluation process, the Selection Committee reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Selection Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. Presentations may be delivered in person or via teleconference. Reasonable advance notice will be provided to selected firms.

The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is 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 District and the firm selected.

It is anticipated the selection process of a firm will be completed by May 16, 2018 and the selection committee's recommendation will be presented to

the Board of Directors at its meeting in late May 2018. Following the notification of the selected firm, it is expected a contract will be executed between both parties in early June 2018.

**B. Term of Engagement**

A three-year contract is contemplated, with an option to extend the contract for three one-year periods (possible 6 year total), subject to the annual review and recommendation of the Director of Finance, the satisfactory negotiation of terms, and the approval of the Board of Directors. The cost for the option periods will be agreed upon by the District and the selected firm. It is anticipated that the operations of the District will remain approximately the same for the optional years. If significant changes occur, it is anticipated that a renegotiated fee would occur.

**C. Subcontractors**

No portion of the audit may be subcontracted to another firm. Work is to be performed by full-time employees of the firm. The firm should include an affirmative statement that no subcontracting will be done.

**II. SPECIFICATIONS**

**A. Scope of Services**

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, hereinafter referred to as the "Firm," to perform a financial and compliance audit of the District for the years ending June 30, 2018, 2019 and 2020, plus the option years ending June 30, 2021, 2022 and 2023 at the discretion of the District.

The Firm shall perform the examination and express an opinion on all District funds in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"); and any specific requirements of grantor agencies (if necessary). It will be the responsibility of the audit firm to be knowledgeable of the requirements and to submit the report thereon.

The Firm will prepare the Schedule of Expenditures of Federal Awards and all applicable compliance and internal control reviews required by the GAO's Government Auditing Standards and Uniform Guidance, including the Data

Collection Form (SF-SAC) and the electronic filing of the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

## **B. Reports, Schedules, and Forms to Be Issued**

Following the completion of the audit of a fiscal year's financial statements, the Firm shall issue:

1. Independent Auditors Report, including the audited financial statements, notes to the financial statements, management's discussion and analysis (MD&A), budgetary comparison information, and roster of board members
2. A Management Letter communicating comments and recommendations
3. SAS 114 and SAS 115 communications
4. Schedule of Expenditures of Federal Awards
5. Opinion on and Notes to the Schedule of Federal Awards
6. Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters in Accordance with Government Auditing Standards
7. Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by Uniform Guidance
8. Schedule of Auditors' Results, Findings, and Questioned Costs
9. Summary Schedule of Prior Audit Findings (if applicable)
10. Corrective Action Plan (if applicable)
11. Form SF-SAC

## **C. Performance**

The objectives of the audit are to have you express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information, as required, when considered in relation to the financial statements taken as a whole.

The objectives also include reporting on internal controls related to the financial statements and compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements in accordance with the GAO's Government Auditing Standards, Uniform Guidance, and any specific requirements of grantor agencies (if necessary). The audit should include tests of accounting records and other procedures you consider necessary to enable you to express such an opinion and to render the required reports.

**D. Workpapers**

Upon request, the Firm will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs, as well as an analysis of the problem. The workpapers will be retained for at least three (3) years from the end of the audit period.

The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the GAO, and the District. In addition, the Firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review workpapers relating to matters of continuing accounting significance.

**E. Confidentiality**

The Firm agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to the District, the Firm agrees not to publish, reproduce, or otherwise divulge such information, in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Firm's possession, to those employees on the Firm's staff who must have the information on a "need to know" basis.

The Firm agrees to immediately notify, in writing, the District's authorized representative in the event the Firm determines or has reason to suspect a breach of this requirement.

**F. AICPA Professional Standards**

The AICPA Professional Standards state:

Ethics Interpretation 501-3—Failure to follow standards and/or procedures or other requirements in governmental audits.

Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules, and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements.

Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefor.

### **III. DESCRIPTION OF THE GOVERNMENT**

#### **A. Sonoma Resource Conservation District**

The District is a California special district governed by a seven-member board of directors who serve voluntarily and are appointed by the Sonoma County Board of Supervisors. The District was established over 70 years ago and has evolved from many districts since its inception. In July 2013, Sotoyome and Southern Sonoma Resource Conservation Districts merged to form Sonoma Resource Conservation District.

The District operates under the California Public Resource Code Division 9 and is organized to support natural resource management solutions through partnerships with individuals, organizations, and agencies in Sonoma County. Our district covers 919,000 acres, or over 85% of Sonoma County and includes the Russian River, Petaluma River, Sonoma Creek, Stemple Creek, and Gualala River Watersheds.

The District only has one major fund, the General Fund, which is used to account for all financial resources. The District has one private-purpose fiduciary fund and an endowment.

The majority of funding comes from competitively sought government grants and fee for service contracts. The District receives a small amount of annual funding generated from property taxes. Funding is occasionally received from foundations and other private sources.

The District's proposed fiscal year 2017-18 total operating budget is \$2.7 million. The District has 13 full-time employees. The District's accounting staff consists of a full-time Director of Finance, Adrienne Pettit, and a full-time District Administrator, Becky Tillman.

#### **B. Federal and State Funding**

The District currently receives Federal and State funding. The District's federal award expenditures were less than \$750,000 for the fiscal year ending June 30, 2017 and, as such, it was exempt from having an audit performed in accordance with the Single Audit Act. The District has met the single audit threshold in prior years and anticipates doing so for the fiscal year ending June 30, 2018.



**C. Pension Plan**

The District has a retirement plan with California Public Employees Retirement System (CalPERS) that is no longer active. The District paid off the unfunded liability during the years ended June 30, 2017 and 2016.

The District offers a SIMPLE IRA plan to its employees.

**D. Information Systems**

The District operates under a client-server environment. The District utilizes Quickbooks as its financial accounting system. There is no separate information technology department at the District. The District contracts with a third-party vendor for server and equipment maintenance.

**E. Prior Audit**

Goranson & Associates, Inc. served as the District auditor for the past five years. The District's FY15-16 and FY16-17 audited financial statements are included for your information.

**IV. TIME REQUIREMENTS**

**A. Proposal Calendar**

The following is a list of key dates:

- RFP issued – March 19, 2018
- Questions due – April 9, 2018
- Answers to questions – April 17, 2018
- Due date for proposals – April 30, 2018 received by 4:00 pm
- Review and evaluation of proposals – April 30, 2018 to May 16, 2018
- Estimated Award of Agreement – May 31, 2018

**B. Delivery Schedule**

The planning phase of the audit engagement may commence upon execution of the contract. The Firm shall provide the District with an audit plan, including a list of schedules to be prepared by District personnel prior to the beginning of fieldwork.

The District's books will be closed and available for audit no later than September 30 of each year. Interim fieldwork would be performed at the Firm's discretion, and the final phase of fieldwork should be scheduled so that

draft audit reports and required journal entries are submitted to the Director of Finance for review and discussion by October 31.

The Firm shall deliver nine (9) bound and (1) electronic copy of the final audit reports to the District no later than November 30.

**C. Exit Conference/Board Meetings**

An exit conference with the District's management and the Firm's representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with the District. These should include internal control and program compliance observations and recommendations.

The Firm shall present the financial statements to the Executive Committee of the Board annually at their December meeting. The partner and/or manager in charge shall be available to attend up to one additional Board meeting annually, at which time the audit reports may be discussed.

**D. Payment**

Payment will be made when the District has determined that the total work effort has been satisfactorily completed. Should the District reject a report, the District's authorized representative will notify the Firm in writing of such rejection, giving the reason(s). The right to reject a report shall extend throughout the term of the contract and for ninety (90) days after the Firm submits the final invoice for payment.

Progress payments will be allowed to the extent that the District can determine satisfactory progress is being made.

Upon delivery of the 9 copies of the final reports to the District and their acceptance and approval, the Firm may submit a bill for the balance due on the contract for the audit.

**V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

**A. District Assistance**

District management and staff will be available during the audit to assist the Firm by providing information, documentation and explanations.

The preparation and mailing of all necessary confirmations will be the responsibility of District, with assistance from the Firm.

The Director of Finance will be actively involved in the MD&A and other schedules section preparation.

**B. Work Area**

The District will provide the Firm with reasonable work space, desks and chairs. The Firm will also be provided with access to a telephone, Wi-Fi, copier, and fax machine.

**VI. PROPOSAL REQUIREMENTS**

**A. General Information**

1. Firms interested in the RFP should send an email to Adrienne Pettit, Director of Finance at [apettit@sonomarcd.org](mailto:apettit@sonomarcd.org) indicating their interest to ensure they receive future correspondence related to this RFP.
2. Inquiries regarding this RFP should be made via email to Adrienne Pettit, Director of Finance at [apettit@sonomarcd.org](mailto:apettit@sonomarcd.org) no later than April 9, 2018. Answers to any questions received will be sent via email to the list of interested firms no later than April 17, 2018.
3. To be considered, five (5) bound and one (1) electronic copy of the proposal must be received by Adrienne Pettit, Director of Finance, at 1221 Farmers Lane, Suite F, Santa Rosa, CA 95405, by 4:00 p.m. on April 30, 2018.
4. The proposal must be organized to include the following sections, in the following order. The proposals should be concise and address the required elements below. Extraneous literature and other marketing material should not be included.
  - a. **Title Page** – A title page showing the RFP subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
  - b. **Table of Contents** – A table of contents detailing the various sections and page numbers of the information contained in the proposal.
  - c. **Letter of Transmittal** – A letter of transmittal signed by an individual authorized to bind the proposer, briefly introducing the firm, stating the proposer's understanding of the work to be done, and a statement why the firm believes itself to be best qualified to perform the engagement.
  - d. **Technical Proposal** – The technical proposal should follow the order set forth in Section VI. B. of this RFP.
  - e. **Appendices or Exhibits**
  - f. **Price** – The proposed price should be submitted separately. Include information indicating how the price was determined. For example,

the firm should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level for each of the six fiscal years. Any travel and out-of-pocket expenses should also be indicated. **The pricing information should be in a separate, sealed envelope.**

## **B. Technical Proposal**

A firm, in its proposal, shall, as a minimum, include the following:

### **1. Prior Auditing Experience**

A firm should describe its prior auditing experience, including the names, addresses, contact persons, and telephone numbers of organizations audited within the past three years that are similar to our District. Experience should include the following categories:

- a. Prior experience auditing special districts.
- b. Prior experience auditing similar programs operated by the District.
- c. Prior experience auditing other governmental organizations.

### **2. Value-Added Services Beyond the Audit**

A firm should include an explanation of other services that can and have been provided to organizations similar to the District. Value-added services provide efficiencies and improved compliance that contribute to the continued success of the District. Value-added services can include consulting and training services as well as industry-specific products.

### **3. Organization, Size, and Structure**

A firm should describe its organization, size (in relation to audits to be performed), and structure. Description should include:

- a. Size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement is to be performed.
- b. Explanation of independence.
- c. Any conflicts of interest that exist.
- d. A copy of the results of the firm's most recent peer review.

- e. Explanation if the firm is a small or minority-owned business or a women's business enterprise.
- f. Affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in the State of California.

#### **4. Staff Qualifications**

A firm should describe the qualifications of staff to be assigned to the audit. Descriptions should include:

- a. Audit team makeup.
- b. Overall supervision to be exercised.
- c. Prior experience of the individual audit team members. *Include résumés of only the staff to be assigned to the audits.* Include education, position in firm, years with the firm, government auditing experience, and training on the recent Uniform Guidance and other relevant continuing professional education.
- d. The firm should indicate how the quality of staff over the term of the agreement would 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 the District. However, in either case, the District retains the right to approve or reject replacements.

#### **5. Audit Approach to the Engagement**

A firm should describe its understanding of the work to be performed, including audit procedures, estimated hours, and other pertinent information. A tentative schedule for completing the audit within the specified deadlines of this RFP should also be included.

#### **6. Identification of 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 the District.

**7. Certifications**

A firm must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential firms by the District because the District desires to contract only with a firm who is already familiar with these publications.

**VII. EVALUATION PROCEDURES**

**A. Selection Committee**

Proposals submitted will be evaluated by a Selection Committee composed of District staff and Executive Committee members, with final approval by the Board of Directors.

**B. Nonresponsive Proposals**

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received in a timely manner in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the signed Certifications.
4. The proposal is not adequate for the reviewers to form a judgment that the proposed undertaking would comply with the *Government Auditing Standards* of the U.S. Comptroller General.

**C. Proposal Evaluation**

Evaluation of each proposal will be scored on the following six factors:

- |  |             |
|--|-------------|
| <b>1. Prior audit experience</b>   | Point Range |
| a. Prior experience and performance on comparable government engagements | 0 - 25      |

The District will contact prior-audited organizations to verify the experience provided by the firm.

<b>2. Value-added services beyond the audit</b>	<b>0 – 5</b>
<b>3. Organization, size, and structure of the firm (consider size in relation to audit to be performed)</b>	
a. Adequate size of the firm	0 – 2
b. Proper independence	0 – 2
c. No conflicts of interest	0 – 2
d. Results of peer review	0 – 2
e. Minority-owned/small business/ women’s business enterprise	0 – 2
<b>4. Qualifications of staff to be assigned to the audit to be performed. This will be determined from résumés submitted. Include education, position in firm, years, and types of experience.</b>	
a. Prior experience of the individual audit team members	0 – 20
b. Overall supervision to be exercised	0 – 5
<b>5. Firm’s understanding of work to be performed</b>	
a. Adequacy of proposed staffing plan	0 – 5
b. Thoroughness of approach to conducting the audit and demonstration of the objectives and scope of the audit	0 – 5
c. Realistic time estimates of each audit step and ability to meet the time frames of the District	0 – 5
<b>6. Price</b>	<b>0 – 20</b>
<b>Maximum Points</b>	<b>100</b>

**D. Review Process**

The District may, at its discretion, request presentations by or meetings with any or all responding firms to clarify or negotiate modifications to the firms' proposals.

However, the District reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, that a firm can propose.

The District contemplates award of the contract to the responsible firm with the highest total points.



## VIII. CERTIFICATIONS

On behalf of the Firm:

1. The individual signing certifies that he or she is authorized to contract on behalf of the Firm.
2. The individual signing certifies that the Firm is not involved in any agreement to pay money or other consideration for the execution of this contract, other than to an employee of the Firm.
3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Firm prior to an award to any other Firm or potential Firm.
5. The individual signing certifies that there has been no attempt by the Firm to discourage any potential Firm from submitting a proposal.
6. The individual signing certifies that the Firm is a properly licensed certified public accountant.
7. The individual signing certifies that the Firm meets the independence standards of the *Government Auditing Standards*.
8. The individual signing certifies that he or she is aware of and will comply with the GAO's Continuing Education Requirement of 80 hours of continuing education every two years and 24 hours of the 80 hours of education will be in subjects directly related to the government environment and to government auditing for individuals.
9. The individual signing certifies that he or she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
10. The individual signing certifies that he or she has read and understands the following publications relative to the proposed audits:
  - a. *Government Auditing Standards* (Yellow Book)

- b. *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (“Uniform Guidance”)*
  - c. *Audits of State and Local Governments (AICPA Audit Guide)*
11. The individual signing certifies that he or she has read and understands all of the information in this Request for Proposal.
12. The individual signing certifies that the Firm, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state, or local government. (If the Firm or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_

(Firm Name)

\_\_\_\_\_

(Signature of Firm’s Representative)

\_\_\_\_\_

(Printed Name and Title of Individual Signing)