
Request for Proposal For Independent Audit Services

The Mojave Desert and Antelope Valley Air Quality Management Districts are soliciting proposals for contract services for independent auditing services from qualified Certified Public Accountants. Please reference the attached RFP with additional information.

Interested and qualified auditors, please submit two copies of your proposal by 4:00 p.m. on January 3, 2017 to:

Mojave Desert Air Quality Management District
Attn: Laquita Cole
14306 Park Ave
Victorville, CA. 92392

If you have any questions regarding the proposal process, please contact Laquita Cole at (760) 245-1661 ext.6229 or by e-mail at cole@mdaqmd.ca.gov.



Laquita Cole
Finance Manager

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Request for Proposal Independent Auditor Services

Date of Release: November 15, 2016
Submittal Deadline: January 3, 2017
Contact: Laquita Cole, Finance Manager
Telephone: (760) 245-1661 ext. 6229

Purpose

The Mojave Desert and Antelope Valley Air Quality Management Districts, hereinafter referred to as 'Districts' requests proposals from certified public accounting firms with technical expertise and experience to conduct an independent audit and related services for the fiscal year ending June 30, 2017 and for the next two years through the fiscal year ending June 30, 2019.

There is no expressed or implied obligation for the Districts 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 set.), unless exempt. Additionally, the District reserves the right to reject any or all proposals submitted.

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.

Notwithstanding other provisions of the RFP, auditors are hereby advised that this request is solicitation of proposals only. It is not intended, nor is it to be construed as, the engaging in formal competitive bidding pursuant to any statute, policy, or regulation.

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General Information

The MDAQMD is an independently governed special district which was formed July 1, 1993, pursuant to the provisions §§41200 et seq. of the Health and Safety Code of California. The District is empowered to maintain a program of air quality management for stationary sources of air contaminants under the provisions of Division 26 of the California Health and Safety Code. The District has jurisdiction over the desert portion of San Bernardino County and the northeast portion of Riverside County (Palo Verde Valley including the City of Blythe).

Stretched out over almost 20,000 square miles of California's vast desert expanse, the MDAQMD is geographically the second largest of the state's 35 air districts. As the air pollution control agency for San Bernardino County's High Desert and Riverside County's Palo Verde Valley, the MDAQMD has primary responsibility for controlling emissions from stationary sources of air pollution, which can include equipment located at cement facilities, power plants or the corner gas station. There are over 1,000 such businesses operating under MDAQMD permits.

The District is governed by a 13 member Board composed of elected representatives from each of the nine municipal jurisdictions, three county supervisors whose districts are located within the District's territory, and one public member. The Treasurer of San Bernardino County serves as the District's Treasurer and Auditor/Controller. The Air Pollution Control Officer is the Executive Director of the District and is appointed by and reports to the Board. The Board meets the 4th Monday of the month at the Board Chambers located in the offices of the Mojave Desert Air Quality Management District.

MDAQMD has an annual budget of \$8.5 million dollars of which \$6.9 million is the operating budget and approximately \$1.6 million is budgeted for pass-through grant monies. Currently, the number of staff budgeted is 39 (including 7.5 FTE dedicated to Antelope Valley operations).

The Antelope Valley Air Quality Management District

The District Program was established in 1997 by the State Legislature which separated the Antelope Valley and northern Los Angeles County from the South Coast Air Quality Management District. The District lies within the northern part of Los Angeles County.

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The District boundaries start on the south just outside of Acton, north to the Kern County line, east to the San Bernardino County line, and west to the Quail Lake area. The AVAQMD is located within the Mojave Desert air basin.

The AVAQMD's Governing Board is comprised of two members of the Palmdale City Council, two members of the Lancaster City Council, two members appointed by the 5th District Supervisor of Los Angeles County, and one public member. The Board establishes policy and approves new rules. The Governing Board also appoints the Air Pollution Control Officer and District Hearing Board. The Board meets the 3rd Tuesday of the month at the Board Chambers located in the offices of the Antelope Valley Air Quality Management District.

The AVAQMD contracts most of its services from the Mojave Desert Air Quality Management District (MDAQMD). MDAQMD staff is used for specific expertise to support the Antelope Valley office and provide a full service agency. Certain administrative functions and support of the AVAQMD are performed at Mojave Desert AQMD's Victorville location.

The AVAQMD offices have a total of 7.5 full time equivalent employees. Six employees work onsite at the Antelope Valley office while the other 1.5 employees are stationed at the Mojave Desert office in Victorville.

The contract provides financial, administrative and personnel management services to the operating divisions of the District. The office is responsible for most administrative functions included, but not limited to, all accounting, financial, payroll, human resource budgetary functions as well as the District's computer information systems, risk management, fleet and facility management, and fixed assets.

AVAQMD has an annual budget of \$3.2 million dollars of which \$1.5 million is the operating budget and approximately \$1.7 million is budgeted for pass-through grant monies.

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Scope of Work

The Districts are required to cause an audit pursuant to the California Government Code Section 26909 for the annual audit of its financial statements. Audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards* (1994) issued by the Comptroller General of the United States, the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*, Audits of State and Local Governments, State Board of Accountancy Rule 58-1 and others as deemed necessary.

Audit work to be performed under contract with the Districts and shall include, but is not necessarily limited to the following:

1. Audit the District's basic financial statement in accordance with Generally Accepted Governmental Auditing Standards (GAGAS) in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Governmental Accounting Standard Board (GASB) Statement 54, Fund Balance Reporting requirements.
2. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
3. Test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and agreements and other matters, in accordance with Government Auditing Standards.
4. Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A), budgetary comparison information, and the Supplementary Information.
5. Prepare the District's Annual Report of Financial Transactions of Special Districts to the State Controller's Office and submit them including a copy of your auditor's report to the District and the State Controller by the required deadlines.

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6. Prepare Report to the Governing Board and Management which identifies control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
7. Present and discuss annual financial statement and results of operations to the Governing Board.
8. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the Finance Manager.
9. Present discussion drafts of the auditor's reports and adjusting journal entries at an exit conference with appropriate District personnel. The purpose of this conference is to sustain effective auditor-client communication and provide a check against misunderstandings.
10. Prepare the final draft audited financial statement report and recommendations including the management letter, annual report of financial transactions of Special Districts, and the management discussion and analysis (MD&A).
11. Present the final audited financial statement report and recommendations including the management letter, annual report of financial transactions of Special Districts, and the management discussion and analysis (MD&A) with 3 bound hard copies, 1 loose copy, and electronically before November of each Fiscal Year.

Audit Plan

The auditor shall provide the District with an audit plan, including a required document list and other work requested no later than 30 days before the audit. Please include a sample audit plan in your submission.

Working Papers

The auditor shall retain working papers for a period of three (3) years, unless otherwise specified by the District. In addition, the firm shall respond to reasonable inquiries of the District and successor auditors and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance. Such working papers shall be available for review and audit by the District, representatives of Federal, State and/or County Government and other individuals designated by the District.

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Resources to be provided by the District.

1. Financial records: Copies of current or prior years' financial statements, budgets, general ledger listings, actuarial reports, claims audits, premium spreadsheets, and other appropriate financial records will be made available to the selected auditor.
2. Agency assistance: The District shall assign appropriate staff to assist the auditor by providing required information and explanations.
3. Adequate working space: Will be provided by the District.

Additional Services

If it should become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal.

Timeline

The following timeline is a guide for the RFP process. The due date for all proposals is firm. The other dates are tentative and subject to change.

Date/Time	Milestone
November 15, 2016	RFP released to interested parties
January 3, 2017	Proposals due two copies
January 9, 2017	Proposals Evaluated
January 23, 2017	Interview
February 27, 2017	Governing Board Meeting
February 27, 2017	Posting successful bidder
On or about February 28, 2017	Contract executed



Evaluation Criteria and Selection Process

All proposals will be reviewed by an evaluation panel consisting of one or more representatives from the Districts and may include representatives from other government agencies.

- No proposals will be accepted after the time and date indicated above.
- Incomplete responses will not be accepted.
- All components of the proposal are mandatory.
- Failure to include all requested information may result in rejection.

Upon completion of review, the evaluation panel will make a tentative selection and may request an interview with the representatives of the firm selected to formalize the contract. It is the Districts' intention to incorporate the RFP as part of the contract. The interview committee will make formal recommendation to the Executive Director.

The Executive Director will make the final selection and award the contract. Criteria for evaluating responses will include:

- ✓ Cost, although a significant factor, may not be the determining factor. Cost is particularly important when all the other evaluation criteria are relatively equal.
- ✓ Reputation of customer satisfaction (references).
- ✓ Completeness of response.
- ✓ Proximity of firm.
- ✓ The firm's substantial past experience in performing the required audits on government agencies comparable to the District.
- ✓ The quality and stability of the firm's professional staff to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation to the District.
- ✓ Proposed plans for the various segments of the engagement which are acceptable to the District.
- ✓ A thorough understanding of the objectives, scope and issues for this type of engagement.
- ✓ Adequacy of proposed staffing plan, sampling techniques, and analytical procedures.
- ✓ Timeliness in the conduct and completion of the audit.

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Format of Response

1. Title page

- ❖ The RFP subject,
- ❖ The proposing firm's name,
- ❖ Contact person's name, local address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to the District, and
- ❖ The date of submission.

2. Table of Contents

- ❖ Identification of material submitted, by section and page number,
- ❖ Cross reference to section and page number of RFP.

3. Transmittal Letter

- ❖ General introduction stating the proposer's understanding of the services to be provided,
- ❖ A positive commitment to perform the service within the time period specified,
- ❖ A statement why the firm believes itself to be best qualified to perform the engagement,
- ❖ A statement of how long you have been in business and how many financial audits were performed by your firm for public agencies during the past five (5) years,
- ❖ A statement that the proposal is a firm and irrevocable offer for a period of 60 days,
- ❖ Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address, and
- ❖ Original Signature.

4. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this RFP. 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 RFP requirements.

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The Technical Proposal should address all the points in the order outlined in the RFP (exclude any cost information, which should only be included in the cost proposal section). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

5. License to Practice in California

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

6. Independence

- ❖ The firm should provide affirmative statement that it is independent of the Districts as defined by generally accepted auditing standards and the US General Accounting Office's Government Auditing Standards.
- ❖ The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
- ❖ In addition, the firm shall give the District written notice of any professional relationships entered into during this period of this agreement.

7. Insurance Requirements

In order to provide services to the District, your organization must maintain the following insurance:

- ❖ Worker's Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state of California or in accordance with the applicable laws of the State in which the contractor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit shall not be less than one \$500,000.00 per occurrence with one million dollars (\$1,000,000.00) aggregate.
- ❖ Commercial General Liability and Bodily Injury Insurance. A commercial general liability insurance policy for at least \$1,000,000 combined limit for bodily injury and property damage.

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- ❖ Insurance covering the work, the performance of the work, errors and omissions, and everything incidental thereto, with limits of not less than one million dollars (\$1,000,000.00) per occurrence combined single limit, or in whatever higher amounts as may be required by the District's insurer.
- ❖ This policy shall be endorsed to cover Contractual liability assumed by the contractor under the indemnity agreement set forth below.
- ❖ Automobile Liability and Property Damage Insurance, including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with bodily injury and property damage limits of not less than one million dollars (\$1,000,000.00) per person/per occurrence.
- ❖ Insurance covering loss of customer data and or data breach (cyber security) with limits of not less than one million dollars (\$1,000,000.00)

Prior to commencing any work hereunder you shall provide to the districts the proper certificates demonstrating that the types and amounts of insurance coverage specified above and any endorsements required hereunder are properly issued and in effect, and provide that the districts, its officers, employees and agents are named additional insured's under the policy. The policy shall state in writing either on the Certificate of Insurance or attached rider thereof that this insurance will operate as primary insurance for work performed by your organization, its employees, agents and subcontractors, and that no other insurance carried by the districts or other named insured will be called on to cover a loss covered thereunder.

A Certificate of Insurance shall be provided for each District.

8. Firm Qualification and Experience

To qualify, the firm must have extensive experience in audits of local governments as well as experience with the preparation of basic financial statements in compliance with generally accepted auditing standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and Governmental Accounting Standards Board (GASB) requirements.

The proposal should briefly introduce your firm, indicating whether your firm is local, regional, national, or international. 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 (the District has a strong preference to work with a firm with office and assigned staff located in Southern California), and the number and

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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. Indicate the name of the person who will be authorized to answer questions and to bind the firm, the person's title, address, email and telephone number.

The proposer should not be a joint venture or consortium.

If your firm participates in a peer review or quality review program provide the year, month and result of the most recent review and submit a copy of the report on the firm's most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, 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.

9. Engagement Partner, Manager/Supervisor and Staff Qualifications and Experience

Identify the senior-level staff, including engagement partner and manager/supervisor, who would be assigned to this engagement on an on-going basis. Indicate whether these individuals have CPA licenses to practice in California. Please provide information on the governmental auditing experience of these individuals, 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. Staff consistency is a very important consideration the District reserves the right to approve or reject any replacements in the senior level staff participating in the District's audit.

Include resumes of those individuals supervising the audit.

10. 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 III of this RFP.

- ❖ Proposed segmentation of the audit work
- ❖ Expectations of District staff:
- ❖ What documents and working papers are expected to be provided by District staff?

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- ❖ Please provide sample Prepared by Client (PBC) lists and schedules for each section of the audit field work.
- ❖ Planned number of hours on the engagement for each level of auditing staff.
- ❖ Sample size and the extent to which statistical sampling is to be used in the engagement.
- ❖ Type and extent of use of software in the engagement.
- ❖ Type and extent of analytical procedures to be used in the engagement.
- ❖ Approach to be taken to gain and document an understanding of the District's internal control structure.
- ❖ Approach to be taken in determining laws and regulations that will be subject to audit test work.
- ❖ Approach to be taken in drawing audit samples for purposes of tests of compliance.

11. Identification of Anticipated Potential Audit Problems

The proposer should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be required from the District.

12. A complete estimate and explanation of fees is to appear in the text of your response in addition to the estimates contained on the proposal data sheet. Please provide a list of fees for additional services that may be requested in relation to this audit.

9. All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, the reasons for the additional services together with the firm's estimate of costs, and a statement that no work will be performed without advance approval by the District. Any and all additional work as agreed in advance by the District shall be compensated for at the same rate quoted in the schedule submitted in the proposal.

REFERENCES

Respondents must provide references from three (3) organizations that are or have received similar services. A brief description of services rendered, in addition to the name, address, telephone number and contact person must be provided. Proponents may include letters of reference with this attachment. The following format shall be used:

Date of Service(s): Name
of Organization:
Description of Service:

Date of Service(s): Name
of Organization:
Description of Service:

Date of Service(s): Name
of Organization:
Description of Service:

LITIGATION INVOLVEMENT

Organization Name and Address:

Involvement in Litigation:

Check YES or NO to the following questions. If a YES answer is checked, please explain fully the circumstances and include discussion of the type of program involved as well as the potential impact of this program, if awarded contract (use extra pages as needed).

	<u>YES</u>	<u>NO</u>
1. Is the firm or any of its principals involved in litigation now Or within the last two years?	_____	_____
2. Has the firm or Project Director ever been cited for improper Management?	_____	_____
3. Has the firm or Project Director ever had public agency funds withheld?	_____	_____

Completed by:

Name and Title

ASSURANCE AND CERTIFICATION

I, (We), the undersigned, as duly authorized representative(s) of the respondent agency, affirm that the information and statements contained within this proposal to the best of my (our) knowledge, are truthful and accurate, and further, that I (we) am (are) duly authorized to submit this proposal from the respondent agency to deliver services.

Signature

Date

Signature

Date

DECLARATION OF CAMPAIGN CONTRIBUTIONS

Contractor to
Initial

_____ Contractor has declared that there were no contributions made to any member of the Governing Board during the preceding 12 months that trigger Government Code section 84308.

_____ Contractor has made the following contributions to members of the Governing Board.

Name of Board member	Date of Contribution	Amount of Contribution



United State Environmental Protection Agency
Washington, DC 20460

Certification Regarding Debarment, Suspension, and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and the principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgement rendered against them or commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction: violation of Federal or State antitrust statute or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Typed Name & Title of Authorized Representative

Signature of Authorized Representative Date

I am unable to certify to the above statements. My explanation is attached.