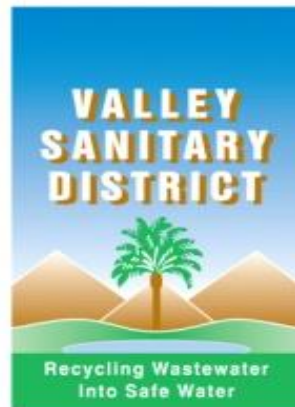


VALLEY SANITARY DISTRICT



REQUEST FOR PROPOSAL

For

Audit Services

RESPONSE DUE

FRIDAY, JANUARY 11, 2019 at 5:00 PM

The mission of the Valley Sanitary District is to collect, treat and dispose of wastewater in a safe and cost effective manner as prescribed by state and federal law.

The District is dedicated to: maintaining a high standard of operations and maintenance; forward thinking in planning for facility and operational needs, and achieving maximum cost efficiency and effectiveness. The District board and staff are dedicated to having the District be a positive asset to the community.

1.0 PROJECT PURPOSE & NEED

Valley Sanitary District (VSD) is requesting proposals from qualified Certified Public Accounting firms (herein “Auditor”) to perform an audit and issue opinions on VSD’s financial statements. This request is for a three (3) year contract term beginning with the fiscal year ending June 30, 2019.

1.1 Scope

The following scope of work is an outline of minimum services. Your proposal should include all services that can be reasonably anticipated for developing a Comprehensive Annual Financial Report (CAFR) that meets the criteria of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program.

- A. Financial Audit – Examine the basic financial statements, notes to the financial statements, and required supplemental information, if applicable.
- B. 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.
- C. If necessary, the auditor shall assist VSD in preparing and filing all related reports required by state and federal agencies, including the State Controller’s Report.
- D. The auditor will evaluate the adequacy of the internal control system and, where weaknesses are noted, make appropriate recommendations for improvements.
- E. Apply limited procedures related to the Required Supplementary Information (RSI), and Management’s Discussion and Analysis (MD&A).
- F. 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.
- G. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:
 - Board of Directors, President
 - Valley Sanitary District, General Manager

- H. The auditing firm shall provide ten (10) bound copies, one (1) unbound copy and one (1) electronic version of the auditor's report, the financial statements, supporting schedules, and management letters, if any. The partner in charge shall be available to attend the Board of Directors meeting to discuss the audit and other reports required by this RFP.
- I. The auditing firm shall submit a draft of the financial statements to management no later than October 20, 2019. If necessary, the auditor shall file the State Controller's Report no later than the date prescribed by law.
- J. Additional Work - If it should become necessary for VSD 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 VSD and the auditor. Any such additional work agreed to between VSD 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.

1.2 Accounting and Auditing Standards

The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

1.3 Assistance Available to Auditor

The auditor will be given access to the records of VSD 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 VSD staff.

2.0 AGENCY DESCRIPTION

The District is the responsible agency for the provision of wastewater collection, wastewater treatment and water reclamation for the service district, which includes a portion of the City of Indio, City of Coachella, City of La Quinta and a portion of unincorporated Riverside County. The District provides wastewater services to customers within the service district boundary and may service customers on a contractual basis, outside its service district boundary.

With approximately 33,000 service connections and serving a population of 89,000 people, the District prides itself on its wastewater quality and water reclamation measures. The District encompasses approximately 20 square miles and maintains approximately 243 miles of collection system pipelines. The District also operates a secondary wastewater treatment facility with a current approximate design capacity of 12.5 million gallons per day.

3.0 REQUEST FOR PROPOSAL INFORMATION & INSTRUCTIONS

3.1 Proposal Provisions

Deadline: Proposals must be received at Valley Sanitary District, 45-500 Van Buren St., Indio, CA 92201 by 5:00 p.m., Friday, January 11, 2019.

Proposals received after the above date and time will not be considered.

Proposals must be emailed to jpadgham@valley-sanitary.org, or delivered in person, or mailed directly to Valley Sanitary District. **Email is preferred.**

VSD 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 Proposer.

Proposals shall be signed by an authorized representative and shall be as thorough and detailed as possible so that VSD 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 VSD and the firm selected.

The following material in the prescribed format outlined below **is required to be received by 5:00 p.m. on Friday, January 11, 2019 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 VSD.

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 VSD 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 VSD.

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.

If it should become necessary for VSD 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 agreed to between VSD and the firm shall be performed at the rates included.

4.0 Evaluation and Award Criteria

- A.** All proposals submitted will be evaluated by members of the Board of Directors, the General Manager, and the Administration & Finance Manager.

- B.** During the evaluation process, the Board of Directors 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. This presentation is scheduled for Wednesday, January 30, 2019. Such presentations will provide firms with an opportunity to answer any questions the Board of Director's may have on a firm's proposal. Not all firms may be selected to make such oral presentations.
- C.** VSD's Board of Directors will make the final selection based on the firm's qualifications, experience, audit approach, and fee. Proposing firms should note that the lowest fee may not be the deciding factor in the final selection.
- D.** It is anticipated that a firm will be selected by February 26, 2019. Following notification of the firm selected, it is expected that a contract will be executed between both parties by March 4, 2019.
- E.** Request for Clarification

All requests for clarification concerning the RFP shall be made in writing (e-mail is preferable) by January 4, 2019. All requests for clarification shall be directed by e-mail, mail, or Fax to:

Joanne Padgham
Administration & Finance Manager
45-500 Van Buren Street
Indio, CA 92201
(760) 238-5415 - telephone
(760) 800-750-2280 - fax
jpadgham@valley-sanitary.org

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 90 days.

G. Proposal Reservations

VSD 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 selected firm shall be required to enter into a written contract with VSD for auditing services in a form approved by VSD legal counsel following formal approval by the Board of Directors of VSD. This RFP and the proposal, or any part thereof, may be incorporated into and made a part of the final contract. VSD reserves the right to negotiate the terms and conditions of the contract with the selected firm.

I. Contract Term

It is the intent of VSD to award the contract for an initial three-year (3) period commencing with the fiscal year ending June 30, 2019, with the option to extend for two additional one-year periods, at VSD's sole discretion.

J. 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.

K. Termination of Agreement

VSD 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. VSD's 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.

L. 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 VSD 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 VSD.

M. Indemnity

Proposer assumes all risk of injury to its employees, agents, and sub-contractors, including loss of or damage to property, and shall defend, indemnify, and hold harmless VSD, its Board of Directors, officers, employees, and agents from and

against all claims, suits, or causes of action for injury to any person or damage to any property arising out of, or connected with, performance of work under the Agreement that does not result from the gross negligence or intentional misconduct of VSD, its Board of Directors, officers, employees or agents.

N. Insurance

Proposer shall maintain such insurance as will protect it from claims under Workers' Compensation laws, and such liability insurance as will protect against claims for damages for bodily injury, including death, and damages to property in accordance with the terms of the Agreement. Coverage of which is to be no less than \$1,000,000/\$2,000,000 per occurrence/aggregate, with VSD named as an additional insured.

The proposing firm must be willing and able to obtain an errors and omissions insurance policy for coverage of no less than \$1,000,000 per occurrence for the willful or negligent acts of the firm and its officers, employees and agents.

Proposer shall maintain evidence of coverage in an updated form during the term of the Agreement.

O. Non-Discrimination Practices

Proposer shall not discriminate against any employee or applicant for employment because of race, color, creed, sex, religion, marital status, age, national origin or ancestry, physical or mental disability, sexual orientation, uniform service member status, pregnancy, medical condition (cancer related or HIV/AIDS related), handicap, gender identity, genetic information, or any other protected class made unlawful by federal, state or local laws.

P. 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 three (3) years following completion of performance of the services.

VSD will have the right to audit firm's and sub-contractor's invoices and all supporting documentation for purposes of compliance with the Agreement.

Proposer shall cooperate fully with any audit of its billings conducted by VSD and permit access to its books, records, and accounts as may be necessary to conduct such audits.

Q. 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 VSD.

R. Use of VSD's Name

Proposer shall not publish or use any advertising, sales promotion, or publicity in matters relating to services, equipment, products, reports, and material furnished by proposer in which VSD's name is used, or its identity is implied, without prior written approval of VSD.

S. 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 VSD's interests and the interests of such person, firm, corporation, or any other third party.

When submitting any existing or potential conflict of interest information, such information shall be submitted on a colored paper different from the rest of the proposal and shall be clearly marked "Conflict of Interest."

Valley Sanitary District