

Chico Area Recreation and Park District (CARD)

REQUEST FOR PROPOSALS



For Professional Auditing Services

Date of Issuance: December 16, 2019

Deadline for Submission: 5:00 p.m., Friday, January 24, 2020

UNDER NO CIRCUMSTANCES WILL LATE PROPOSALS BE ACCEPTED

Chico Area Recreation and
Park District (CARD)
545 Vallombrosa Avenue
Chico, California 95926
(530) 895-4711

I. INTRODUCTION

A. General Information

Chico Area Recreation and Park District (“District”) is requesting proposals from qualified certified public accountant firms to audit its financial statements for the fiscal years ending June 30, 2020, 2021, and 2022, with the option of auditing its financial statements for up to an additional three subsequent fiscal years. The proposal package shall present all-inclusive audit fees for each year of the contract term.

These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, including GASB requirements, the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and the State of California Controller’s *Minimum Audit Requirements for California Special Districts*. More detailed information on the District and its finances can be found in the June 30, 2019, Financial Statements. A copy of this report is provided as background information.

To be considered, one (1) hard copy and one (1) emailed electronic PDF copy of a proposal must be received by **5:00pm on Friday, January 24, 2020**. It is anticipated the selection of a firm will be completed by **Wednesday, February 12, 2020**. Following the notification of the selected firm, a recommendation and proposed contract will be prepared for review and approval by the District Board of Directors at its **February 20, 2020** meeting.

The District reserves the right to reject any or all proposals submitted, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

Review Process. During the evaluation process the District reserves the right to request additional information, or to allow corrections of errors or omissions.

The District reserves the right to retain all proposals submitted and to use any idea(s) 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.

B. Term of Engagement

An initial three-year agreement is contemplated, with an option to extend the engagement for up to an additional three years. The final selection and award will be made by the District Board of Directors.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

1. Financial Statements

The District desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles and all current GASB pronouncements. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The audit firm will render their auditors' report on the basic financial statements which include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the District.

2. Management Report

The auditor shall issue a separate "management letter" that shall be addressed to the General Manager. The letter shall include any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

The letter shall also communicate recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions.

Auditors 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; District Manager; District Counsel; and the Finance Manager.

B. Special Considerations

1. Firm Availability

Without sacrificing the independent role of the audit firm, the selected firm will be available to District staff during the year to answer questions about appropriate accounting treatment, offer suggestions regarding new accounting standards, and similar support for the purpose of educating staff and producing high-quality financial reports.

2. Typical Audit Schedule and Performance of Field Work

The District anticipates and expects the major field work for the District to begin on or near the middle of September of each year. This does not include preliminary field work which may occur shortly after the end of the Fiscal Year.

The auditor shall provide all drafts and recommendations for improvements to the Finance Manager within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports.

The auditor shall provide to the District a draft copy of the audit report and management letter in adequate time to meet District Meeting schedules. Typically, this has been done no later than October 31 of each year.

Report preparation and printing of the General-Purpose Financial Statements is the responsibility of the **AUDITOR**. It is expected that the audit firm will deliver three (3) hard copies, and one (1) electronic PDF copy to the District. It is also expected that the audit firm will deliver one (1) hard copy to the Butte County Auditor-Controller's Office. Typically this has been completed by October 31 of each year in order to present to the District Board of Directors at the November board meeting. In addition to meeting with Staff, a representative of the audit firm is expected to attend the November Board of Directors meeting at which time the General-Purpose Financial Statements are presented.

3. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request by any of the following parties or their designees:

- Chico Area Recreation and Park District.
- Parties designated by State or Federal Government and/or agencies thereof.
- Auditors of entities which the District is a sub recipient of grant funds.
- Parties designated by the Federal or State Governments or by the District as part of an audit quality review process.

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.

4. Single Audit Requirements

The District does not anticipate the need for a single audit on the expenditures of federal grants during the contract term. If a single audit becomes necessary, the District will amend the contract with the selected auditor for the additional work.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Principal Contact:

The auditor's principal contact with the District will be Heather Childs, Finance Manager, who will coordinate the assistance to be provided by the District to the auditor. She can be reached at (530) 895-4711 or hchilds@chicorec.com

B. Background Information:

Chico Area Recreation and Park District was formed in 1948 to provide recreation facilities and services in the greater Chico area. The District has since expanded its services to include management and maintenance of community and neighborhood parks, five community centers, two swimming pools, many park amenities and extensive recreational programming.

The Chico Area Recreation and Park District serves a population of 121,000 and covers over 250 square miles of service area, contains all the Chico urban area and encompasses unincorporated areas of northeast Butte County.

The District's fiscal year begins July 1 ends June 30 and has an operating budget in FY 2019/2020 of approximately \$8 million for the General Fund. The District currently uses five funds in its financial reporting: The General Fund, the Impact Fee Fund, and three Assessment District Funds (Oak Way Park; Peterson Park; and Baroni Park).

The Finance Department includes the Finance Manager, one Finance Specialist, and one part time Finance Assistant. The HR Department currently has a HR/Payroll Specialist who occasionally assists in payroll processing. The principal functions performed by the Finance Department are general accounting, accounts payable, accounts receivable, payroll, cash management, purchasing, investments, budgeting, and financial reporting.

C. Budgetary Basis of Accounting:

The district prepares its budgets on a basis consistent with generally accepted accounting principles.

D. Pension Plans:

The district participates in the California Public Employees' Retirement Association (CalPERS), an agent multiple-employer public employee retirement system.

E. Current Financial Software:

The District currently uses Macola ES financial software, Active Net Registration Software, and KRONOS Payroll Software.

F. Availability of Prior Audit Reports and Working Papers:

A draft copy of the most recent audit is attached. Interested proposers who wish to review prior years' audit reports and management letters should contact Ann Willmann at (530) 895-4711. The District will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDTOR AND REPORT PREPARATION

A. Statements and Schedules to be Prepared by the Staff of the District

District Staff members will be made available to assist in the audit. We will prepare any necessary schedules and provide documents (invoices, checks, Board minutes, etc.). In addition, we will be available to respond to any questions which may arise during the audit.

B. Work Area, Telephones, Photocopying and Fax Machines:

The District will provide the auditor with reasonable work space, tables and chairs. The auditor will also be provided with access to photocopying facilities and fax machines to be used for the audit.

C. Report Preparation:

Report preparation and printing for the Annual Financial Report shall be the responsibility of the auditor.

V. SELECTION PROCESS AND CRITERIA

A. Selection Process

The selection process will involve the review of the proposals for compliance with the requirements of the RFP. In addition, they will be evaluated for experience of assigned personnel with similar engagements, qualifications of the firm, and approach to the engagement. Cost will also be considered; however, this will not be a sole selection criterion. Based upon the review of the written proposals, those determined to most closely meet the needs of the District will be interviewed. A final recommendation will be made to the District Board of Directors, which will award the agreement.

B. Time Requirements

The following is a list of key dates for the selection of an auditing firm:

Date	Activity
December 16, 2019	Request for proposal issued
January 24, 2020	Due Date for proposals (due by 5:00pm)
February 3-7, 2020	Oral interviews (conducted at District's discretion)
February 12, 2020	Notification of Recommended Auditing Firm
February 20, 2020	Contract awarded by District Board

VI. PROPOSAL REQUIREMENTS

A. General Requirements:

1. Evaluation Criteria

Proposals shall be evaluated based on the following criteria (listed in random order without regard to order of importance):

- Expertise and qualifications of assigned staff, including prior experience in performing similar work for public sector clients
- Audit methodology and approach
- Responsiveness to the requirements of the RFP
- Recent references from comparable clients

The District retains full discretion in determining the applicability and weight of the criteria listed above. Cost proposals will be considered only after proposals have been evaluated and ranked. During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. Also, at the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

2. Content of Proposals:

The proposal should respond to the following information to be considered:

- a. Copies
One (1) hard copy of the proposal and one (1) electronic PDF copy submitted via email. **Both MUST arrive by the established deadline.**
- b. 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 and a statement that the proposal is a firm and irrevocable offer for 90 days.
- c. General Requirements
The Proposal should demonstrate the qualifications, competence and capacity of the firms seeing to undertake an independent audit of the Chico Area Recreation and Park District and address all the points outlined in the request for proposals.
- d. 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.
- e. Independence
The firm must provide an affirmative statement that it is independent of the Chico Area Recreation and Park District as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.

f. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firms' 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 proposal must include a list of all current government clients.

The firm is also required to submit a statement regarding status of the report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by current Government Audit Standards).

The proposal shall also include information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. The proposal shall include 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, as well as any pending or settled litigation, if applicable.

Although the District does not anticipate a Single Audit during the contract term, the selected firm will have experience performing Single Audits.

g. Qualifications and Experience

Partner, Supervisory and Staff Qualifications and Experience should be included. Identify the principal supervisory and management staff 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 information on the government auditing experience of each person. Include information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Indicate how the consistent assignment of staff over the term of the agreement will be assured.

Audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience. However, in either case, the District retains the right to approve or reject replacements.

List the most significant engagements with other Governmental Entities performed in the last five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

The District reserves the right to contact any or all of the listed references regarding the audit services performed by the audit firm.

h. 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 this request for proposals. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational charts,

manuals, programs, and financial and other management information systems. The proposal should include the following information about the firm's audit approach:

- Proposed phases of the audit and staff hours assigned to each phase for the engagement;
- Description of analytical procedures to be used in the engagement, including sampling;
- Approach to be taken to understand, review and make recommendations regarding the District's internal control structure;
- Description of any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

i. Dollar Cost

The proposal should include all detailed pricing information relative to performing the audit engagement as described in this request for proposal for each of the three (3) years requested. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting this proposal.

j. Out-of-Pocket Expenses

All estimated out-of-pocket expenses to be reimbursed should be detailed in the proposal. All expense reimbursements will be charged against the total maximum price submitted by the firm.

3. Submission of Proposals:

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Heather Childs, Finance Manager
545 Vallombrosa Ave
Chico, CA 95926
(530) 895-4711
hchilds@chicorec.com

One (1) hard copy of the Proposal and one (1) emailed PDF copy shall be received by the District by 5:00pm on Friday, January 24, 2020 for a proposal to be considered. The Proposal should address the items listed above.

The Proposal should be clearly identified as "Professional Audit Services Proposal" and addressed as follows:

Chico Area Recreation and Park District
Attn: Heather Childs, Finance Manager
545 Vallombrosa Ave
Chico, CA 95926

Hard copy Proposals can be mailed, or hand delivered to the address above. The electronic PDF copy shall be emailed to hchilds@chicorec.com.

Proposals must be valid for a minimum of 90 days.

VII. PUBLIC NATURE OF PROPOSAL MATERIALS

All proposals submitted in response to this RFP shall become the property of the District and may be used by the District for any purpose. Proposals received by the District shall not be returned to the Proposer. If a Proposal contains information that the Proposer considers proprietary and confidential, it shall be the responsibility of the Proposer (and not the District) to specify which items of information are proprietary and clearly identify in writing which specific pieces of information are proprietary at the time the proposal is submitted. It shall be insufficient for the Proposer to merely identify the entire Proposal or an entire page or set of pages as proprietary. With respect to information deemed proprietary, the procedures set forth below shall be observed. Not-to-exceed sums, hourly rates, and other similar information, that may be set forth in a proposal shall not constitute proprietary information nor shall any information readily available to the general public or any other information not regarded as proprietary and confidential under federal or state law.

To comply with the California Public Records Act (Govt. Code Section 6250, et seq.), the District reserves the right to make copies of a Proposer's proposal available for inspection and copying by members of the public (including proposals which may contain information the Proposer regards as proprietary in nature), unless the District's legal counsel determines that the information which the Proposer regards as proprietary may be withheld pursuant to applicable provisions of the California Public Records Act or other applicable state or federal law. In the event the District intends to disclose records containing information the Proposer has specifically identified as being proprietary and confidential, the District shall notify the Proposer in writing of its intent to release such information. The Proposer shall then have five (5) working days after the District's issuance of its notice to give the District written notice of the Proposer's objection to the District's release of proprietary information. The District will not release the proprietary information after receipt of the objection notice from the Proposer unless: (i) the objection notice is not received by the District until after the close of business on the 5th day following the District's issuance of the notice of intent to disclose; (ii) ordered to release the information by a court of competent jurisdiction; or (iii) the Proposer's objection notice fails to include a fully executed indemnification agreement wherein the Proposer agrees to indemnify, defend and hold harmless the District, and its elected and appointed officials, officers, directors, employees and agents from and against all liability, loss, cost or expense (including attorneys' fees) arising out of any legal action brought to compel the release of records containing the proprietary information which the Proposer wishes to withhold.

VIII. PROTEST PERIOD

A. Protest Process

Any Proposer who objects to a proposal submitted by another Proposer or to the District's consideration of another proposal shall file a written protest by 5:00pm on the fourth (4) calendar day after the Proposal Submission Deadline ("Protest Deadline"). If the Protest Deadline falls on a date that the District is closed for business, the Protest Deadline shall be extended to the next business day. Protests MUST be delivered to the attention of:

Heather Childs, Finance Manager
Chico Area Recreation and Park District
545 Vallombrosa Ave
Chico, CA 95926

Protests may be delivered in person, via regular mail, via overnight courier or personal courier, but must be received by 5pm at or before the Protest Deadline. Protests may not be delivered via fax or email submission only. The District will not consider late protests, nor will it consider protests delivered to any other person than the individual listed above. A copy of the protest and all supporting documents must also be transmitted by fax or by email, by or before the Protest Deadline, to proposer against whom the protest is made. Only persons or entities who have submitted a proposal in response to this RFP shall be eligible to file a protest.

The protest must contain a complete and reasonably detailed statement of the basis for the protest and include all supporting documentation. The protest must refer to the specific portion or portions of a submitted proposal upon which the protest is based. The protest must include the name, address, and telephone number of the person representing the protesting proposer if different from the protesting proposer.

All timely received protests shall be considered by the District. The District may make additional inquiries relating to the grounds of any written protest and may overrule or sustain any written protest as submitted prior to awarding a contract. The disposition of the protest by the District shall be final.

The procedure and time limits set forth in this section are mandatory and are the proposer's sole and exclusive remedy in the event of a protest. The proposer's failure to comply with these procedures shall constitute a waiver of any right to further pursue a protest.