

# **VENTURA COUNTY TRANSPORTATION COMMISSION**

## **REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES**



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## Table of Contents

<b>INTRODUCTION .....</b>	<b>1</b>
General Information .....	1
Term of Engagement.....	1
<b>SERVICES REQUIRED .....</b>	<b>2</b>
Scope of Work .....	2
Auditing Standards .....	3
Working Paper Retention.....	3
Irregularities and Illegal Acts .....	4
<b>DESCRIPTION OF GOVERNMENT .....</b>	<b>4</b>
Background Information.....	4
Finance Operations.....	4
Prior Reports and Work Papers .....	5
<b>TIME REQUIREMENTS.....</b>	<b>5</b>
Proposal Dates .....	5
Audit Dates .....	5
<b>PROPOSAL REQUIREMENTS .....</b>	<b>5</b>
General Requirements .....	5
Proposal Evaluation.....	7
Attachment A - Audit Cost Proposal .....	8
Attachment B - Certification Regarding Debarment, Suspension and Other.....	9
Ineligibility and Voluntary Exclusion .....	9
Attachment C - Worker's Compensation Insurance Certification .....	10
Attachment D - Professional Auditing Services RFP Evaluation Form.....	1

# **VENTURA COUNTY TRANSPORTATION COMMISSION REQUEST FOR PROPOSALS PROFESSIONAL AUDITING SERVICES**

## **INTRODUCTION**

### **General Information**

The Ventura County Transportation Commission (VCTC) is requesting proposals from qualified Certified Public Accountants to perform professional auditing services beginning with the fiscal year ending June 30, 2015. VCTC is contemplating a multi-year contract (three years) with a renewal option for two additional one-year terms in addition to performing other financial audits as specified below. 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 Government Auditing Standards and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

To be considered, four (4) printed copies and one electronic copy of the proposal and bids must be submitted by 3:00 PM on Tuesday, January 27, 2015 to:

Ventura County Transportation Commission  
Sally DeGeorge, Finance Director  
950 County Square Drive, Suite 207  
Ventura, CA, 93003.

There is no expressed or implied obligation for the VCTC to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Proposals submitted are subject to public inspection and will be evaluated by a review committee.

During the evaluation process, VCTC reserves the right, where it may serve the agency's best interest, to request additional information or clarification from proposers, or to allow corrections of errors and/or omissions. At the discretion of the VCTC, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The VCTC 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 VCTC and the firm selected.

It is anticipated the selection of a firm will be completed by February 17, 2015. Following the notification of the selected firm, it is anticipated that a recommendation and proposed contract will be prepared for review and approval by the Commission at its March 6, 2015 meeting. VCTC reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

### **Term of Engagement**

It is the intent of VCTC to contract for the services presented herein for a term of three (3) years. VCTC reserves the right to extend the term of this contract for two (2) additional one-year terms subject to the satisfactory negotiation of terms, including a price acceptable to both the agency and the selected firm and concurrence of the VCTC's Board. The proposal package shall present all inclusive audit fees for each year of the contract term.

Fees shall include costs for each year including the two additional one year options. An itemized cost break down shall be submitted for the Principal and any additional staff. VCTC requires the total costs be stated as a “not to exceed” basis. The “not to exceed” fee shall be inclusive of labor, travel, report preparation, printing, and all other expenses incurred by the auditor.

Fees shall be billed monthly based on work completed. Payments will be made in arrears. The VCTC shall reimburse the auditor as promptly as practical after receipt of acceptable invoices which detail the expenses and the period for which payment is requested.

## **SERVICES REQUIRED**

### **Scope of Work**

#### Required Services:

VCTC desires the firm to audit all funds of the agency in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. The Audit firm will be required to review and assist with the preparation of the agency's Comprehensive Annual Financial Report (CAFR) including accompanying schedules and notes. The auditor will be required to assist with implementation of applicable Governmental Accounting Standards Board pronouncements. The audit firm will render their auditors' report and opinion on the basic financial statements which will 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 City.

The audit firm will perform a Single Audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of VCTC's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.

The audit firm shall issue a separate “management letter” that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Prior to issuance of the final management letter, the auditor shall deliver a draft copy to VCTC for review and management's responses.

The Commission intends to submit its CAFR each year to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting awards program. The selected auditor shall be expected to review the Commission's CARF to ensure compliance with the requirements of the award program.

The auditor will be required to attend a minimum of one Commission meeting for the purpose of discussing the audit and its conclusions. The auditor shall provide:

- One (1) unbound reproducible master of each auditor prepared report.
- An electronic file of each auditor prepared report.

### Additional Use of Financial Statements and Reports:

VCTC shall be free to publish their audited financial statements (including the report of the independent auditor) as they see fit – whether it is in an offering statement, on the government's web site, or somewhere else – without having to obtain prior permission from the auditor, provided that all of the following conditions have been met:

- The independent auditor's report accompanies the same complete set of financial statements for which an opinion was rendered.
- The financial statements are not used in a potentially misleading manner.
- No material subsequent event has occurred that might render the financial statements potentially misleading.

### **Auditing Standards**

To meet the requirements of this request for proposals, the audits shall be performed using the most current version of each of the following:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts.
2. The standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States.
3. The provisions of the Single Audit Act as amended.
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.
5. State of California Transportation Development Act (TDA) including the requirements of the Southern California Association of Governments' Transportation Development Act Conformance Auditing Guide.
6. National Transit Database Reporting (formerly Section 15).
7. Special District, Transit District Reporting and Transportation Reporting Requirements, as specified by the California State Controller.

### **Working Paper Retention**

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years after the last year of the contract, unless the auditor is notified in writing by the VCTC of the need to extend the retention period. The auditor will be required to make working papers available, upon request, including, but not limited to the following parties or their designees:

- The Ventura County Transportation Commission
- California State Controller's Office
- California Department of Transportation
- U.S. General Accounting Office (GAO)
- Auditors of entities of which the VCTC is a sub recipient of grant funds
- Any agencies included in the audit of federal grants

In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## **Irregularities and Illegal Acts**

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware of to the following parties: Executive Director; Agency Attorney and the Finance Director.

## **DESCRIPTION OF GOVERNMENT**

### **Background Information**

The Ventura County Transportation Commission was created by Senate Bill 1880 (Davis), Chapter 1136 of the Public Utilities Code in September of 1988. On January 1, 1989 VCTC became operational and assumed the resources and transportation responsibilities of the Ventura County Association of Governments (VCAG).

The Commission is responsible for establishing transportation policies, setting priorities and coordinating activities between the various transportation operators, agencies, cities and the County. Its mission is to improve mobility within the county and increase funding to meet transportation needs. The Commission controls and/or reviews the allocation of federal, state and local funds for highway, transit, rail, aviation, bicycle and other transportation projects including but not limited to Congestion Mitigation and Air Quality Improvement Program funds (CMAQ), Transportation Enhancement Activities Program funds (TEA), State Transportation Improvement Program funds (STIP), Surface Transportation Program funds (STP), Transportation Development Act funds (TDA), State Transit Assistance funds (STA), Federal Transit Administration funds (FTA), etc. The Commission is also designated to act as the Airport Land Use Commission (ALUC), the Consolidated Transportation Service Authority (CTSA), the Sales Tax Authority and the Congestion Management Agency (CMA). The VCTC also manages the operation and expansion of the callbox system for the Service Authority for Freeway Emergencies (SAFE).

The VCTC is currently governed by a seventeen member board composed of one elected official from each of the ten cities, all five supervisors and two citizens. In addition to the above membership, the Governor appoints an Ex-Officio member to the Commission, usually the Caltrans District Director. For more information about VCTC, please visit our website at [www.goventura.org](http://www.goventura.org).

### **Finance Operations**

The VCTC has a staff of 20 employees. All accounting functions are performed in-house by the Finance Director and the Accounting Technician with the exception of the Local Transportation Fund (LTF) and the State Transit Assistance fund (STA) whose functions are shared between VCTC and the Ventura County Auditor-Controller's office.

The VCTC maintains four funds: the General Fund, the Local Transportation Fund, the State Transit Assistance Fund and the Service Authority for Freeway Emergencies Fund.

The VCTC adopts an annual budget as required by law and utilizes it as a management tool to analyze financial activity for its fiscal year ending June 30th. A copy of the Fiscal Year 2014/2015 budget can be obtained at VCTC's website [www.goventura.org](http://www.goventura.org) on the financial page.

VCTC's computerized systems are run on a Local Area Network (LAN). The accounting functions are computerized and currently VCTC is using Sage 50 on a Windows platform.

## Prior Reports and Work Papers

Vavrinek, Trine Day & Co.. in Rancho Cucamonga, CA conducted the Ventura County Transportation Commission's most recent audit. The work papers of the previous audits are the property of the previous auditor and may be viewed by the successful proposer. A copy of the Fiscal Year 2012/2013 audit is available on VCTC's website at [www.goventura.org](http://www.goventura.org) on the financial page for reference purposes but is not meant to limit the scope of work required. It is expected that the Fiscal Year 2014/2015 audit will not be posted on VCTC's website until December 2014.

## TIME REQUIREMENTS

### Proposal Dates

The following is a list of key dates. VCTC reserves the right to modify this schedule if it is in their best interest to do so. If VCTC does modify the schedule, it shall provide written notice of such to all parties known to have received copies of this RFP.

Activity	Date
Question deadline/cut-off	January 13, 2015
Proposal due date	January 27, 2015 3:00p.m.
Interviews (at VCTC's discretion)	Week of February 9, 2015
Auditor selection/Board Approval	March 6, 2015

### Audit Dates

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during the interim stage. VCTC prefers to have the interim audit in early May. It is estimated that VCTC will close its books and be ready for the final audit by late September.

The auditor shall provide all draft reports and recommendations for improvements to the Finance Director 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. Once all issues of discussion are resolved, the reviewed CAFR, Single Audit report and other reports shall be delivered to the Finance Director. The auditor shall provide VCTC with final changes to the CAFR plus a signed CAFR opinion letter in a jpeg for insertion into the CAFR, as well as PDF copies of the final reports, including but not limited to, the single audit report, SAS 114 report and management letter (if applicable) by mid-October. The auditor will be required to attend a minimum of one Commission meeting for the purpose of discussing the audit and its conclusions, most likely at the Commission's December meeting.

## PROPOSAL REQUIREMENTS

### General Requirements

Any inquiries concerning the request for proposals should be directed to Sally DeGeorge, Finance Director, via email at [ssellers@goventura.org](mailto:ssellers@goventura.org). Questions and answers will be posted on the VCTC website at [www.goventura.org](http://www.goventura.org) on the financial page. Contract with personnel of the agency other than the above regarding this request for proposals may be grounds for elimination from the selection process.

All proposing auditors shall submit four (4) printed copies and one electronic copy of the proposal and bids. Facsimiles, emails and electronic media shall NOT be accepted as submittal of printed copies.

Materials shall be received at the VCTC office at 950 County Square Drive, Suite 207, Ventura, CA 93003 no later than 3:00 p.m. on January 27, 2015 for a proposing auditor to be considered. The proposal shall include:

1. Title Page – A title page showing the request for proposals subject; the auditing firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
2. Introduction – Briefly introduce yourself including the size of the firm, the size of the governmental audit staff, and the principal supervisory and management staff you are anticipating assigning to this audit. Include affirmation that the proposer and all assigned key professional staff are properly licensed for public practice as a Certified Public Accountant in the State of California. Also include your on-going efforts to keep staff current and knowledgeable in governmental accounting practices as well as the interest in maintaining continuity of auditing staff assigned to clients over time. Indicate the persons authorized to make representations for and to bind the firm including their titles, mailing addresses, e-mail addresses and telephone numbers.
3. Peer Review – The firm is requested to submit a copy of its most recent external quality control review (peer review) with a statement whether the review included an examination of specific government engagements. The firm shall state whether it has been the subject of any disciplinary action within the last three years, or if any such action is pending by state regulatory bodies or professional organizations. If such conditions exist, information is to be provided as to the circumstances and status of the disciplinary action.
4. Qualifications – Explain your understanding of the work to be done and why the firm believes it to be best qualified to perform the engagement. Specifically include any experience with public transit and transportation and similar commissions as well as a list of all current municipal clients. Explain your experience with single audits as well as FTA and TDA requirements. The proposal should also include a commitment to perform the work within the time period including a draft schedule and a statement that the proposal is a firm and irrevocable offer for 180 days and signed.
5. Audit Methodology – The proposal should set forth a work plan and time line, including your philosophy or approach to conducting the audit, major areas to be reviewed, the services to be performed as required in Section II of this request for proposals. Proposers should include, but not be limited to, the following information on their audit approach with the audit for VCTC and optional HVT detailed separately:
  - a. Proposed segmentation of the engagement.
  - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
  - c. Estimated sample size and the extent to which statistical sampling is to be used in the engagement.
  - d. Type and extent of analytical procedures to be used in this engagement.
  - e. Approach to be taken to gain and document an understanding of the agency's internal control structure.
  - f. Approach to be taken in determining the laws and regulations that will be subject to audit test work.
  - g. Approach to be taken in drawing audit samples for purposes of tests of compliance.

After review of VCTC's budgets and audits, please describe any anticipated differences in accounting methodology or suggested changes you may have with the VCTC's current methods. 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 agency.



6. Client Assistance – Explain how you assist your clients with changes as new GASB pronouncements are implemented. Explain how you assist your clients with CAFR review and GFOA submittal for Certificate of Achievement for Excellence in Financial Reporting.
7. References – The auditor's general experience and reputation in the local government auditing/accounting field, including CAFR and GASB 34 preparation experience, are an important part of the firm's qualifications. Please include a minimum of three references with contact information, scope of work and dates of service that the firm performed similar services for. VCTC reserves the right to contact any or all of the listed references regarding the audit services performed by the proposer.
8. Certifications/Statements – The auditor shall provide VCTC with signed copies of:
  - a. Certificate Regarding Debarment, Suspension, and Other Ineligibility and Voluntary Exclusion (Attachment B);
  - b. Assurance of Compliance with Worker's Compensation Insurance Requirements (Attachment C);
  - c. A Statement assuring compliance with Equal Employment Opportunity Act;
  - d. A Statement assuring compliance with the California Fair Employment Practices Act;
  - e. A Statement assuring compliance with Title VI of the Civil Rights Act of 1964.
9. Price Proposal – The cost of each year's engagement should be listed separately on a "not to exceed" basis. Costs should be detailed by proposed staff and estimated hours for each year. All expense reimbursements will be charged against the total all-inclusive maximum price submitted in this proposal. Costs for the VCTC and HVT audits should be detailed separately. See Attachment A, "Audit Cost Proposal" for formatting example.

## **Proposal Evaluation**

VCTC staff shall examine and evaluate all proposals for the purpose of ascertaining their completeness and responsiveness to the provisions of this RFP. Proposers that do not meet the mandatory requirements will be eliminated from further consideration. The top qualified candidates may be scheduled for an interview for review and ranking by the review committee. The top proposer will be invited to participate in contract negotiations with the VCTC for audit services. If these negotiations should fail to produce an agreement, the second ranked proposer will be invited to participate in contract negotiations. A recommendation for award of a contract will be made to the VCTC Board.

Firms whose proposals are determined by VCTC to be non-responsive or unqualified, shall be notified of their rejection in writing by VCTC. Such notification shall be issued by VCTC after consideration of the proposal results by the VCTC Board.

The VCTC reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected. VCTC also reserves the right, without prejudice, to reject any or all proposals submitted. Award of the contract will be made to the independent audit firm, who, based on evaluation of all responses and criteria, is determined to be the best qualified to perform the audit.

Proposals will be evaluated by a VCTC review panel based on the criteria and rating system in Attachment D, Professional Auditing Services RFP Evaluation Form

## Attachment A - Audit Cost Proposal

### Cost Summary

Service	2014/2015	2015/2016	2016/2016	2017/2018	2018/2019
VCTC Audit and Related Reports	\$	\$	\$	\$	\$
VCTC Single Audit and Related Reports					
<b>Total for Fiscal Year (not-to-exceed)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

### Cost Detail - Fiscal Year 2014/2015

<b><u>General Audit</u></b>	<b><u>Hours</u></b>	<b><u>Rate</u></b>	<b><u>Fee</u></b>
Partner			
Manager			
Senior			
Staff			
<b>Subtotal</b>			
Out of Pocket - Travel			
<b>Total</b>			

<b><u>Single Audit</u></b>	<b><u>Hours</u></b>	<b><u>Rate</u></b>	<b><u>Fee</u></b>
Partner			
Manager			
Senior			
Staff			
<b>Subtotal</b>			
Out of Pocket - Travel			
<b>Total</b>			

### **Grand Total**

Reproduce for each year

**Attachment B - Certification Regarding Debarment, Suspension and Other  
Ineligibility and Voluntary Exclusion**

The agency, \_\_\_\_\_, certifies  
by submission of this proposal, that neither it nor its principals is presently debarred,  
suspended, proposed for debarment, declared ineligible, or voluntarily excluded from  
participation in this transaction by any Federal department or VCTC. The above  
agency further certifies or affirms the truthfulness and accuracy of the contents of the  
statements submitted on or with this certification and understands that the provisions  
of 31 U.S.C. Section 3801 et Seq. are applicable thereto.

Where the agency is unable to certify any of the statements in this certification, such Participant shall  
attach an explanation to this proposal.

\_\_\_\_\_  
Authorized Official

\_\_\_\_\_  
Title of Authorized Official

\_\_\_\_\_  
Date

### Attachment C - Worker's Compensation Insurance Certification

As required by Section 1860 of the California Labor Code (Chapter 1000, Statutes of 1965), the Contractor shall secure the payment of Workmen's Compensation to its employees in accordance with the provisions of Section 3700 of the California Labor Code and shall furnish VCTC with a certificate evidencing such coverage together with verification thereof as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workmen's Compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract."

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Authorized Official

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Title of Authorized Official

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Date

## Attachment D - Professional Auditing Services RFP Evaluation Form

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

1. Mandatory Elements - Proposers that do not meet the mandatory requirements will be eliminated from further consideration. These are considered essential qualifications which cannot be overcome by other considerations or credentials.
  - a. The audit firm is independent and licensed to practice in California.
  - b. The audit firm's professional personnel have received adequate continuing professional education.
  - c. The firm has no conflict of interest with regard to any other work performed by the firm for the VCTC.
  - d. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
  - e. The firm submits a copy of its most recent peer review report and the firm has a record of quality audit work.
  - f. The firm will retain work papers for at least 3 years.
2. Technical Qualifications – Points for technical qualifications will be awarded as follows:
  - a. Proposal requirements met \_\_\_\_\_(0-10 points)
  - b. Understanding of the engagement \_\_\_\_\_(0-10 points)
  - c. Quality and experience of staffing \_\_\_\_\_(0-15 points)
  - d. Previous Government auditing experience including Transit, Transportation and Rail \_\_\_\_\_(0-20 points)
  - e. Experience with GASB, CAFR, etc. and outreach assistance to VCTC \_\_\_\_\_(0-15 points)
  - f. Funding knowledge of FTA, TDA, Prop 1B,etc. \_\_\_\_\_(0-10 points)
  - g. Adequacy of proposed staffing plan (hours/levels) and cost \_\_\_\_\_(0-20 points)
  - Total Score \_\_\_\_\_(100 points maximum)

Prepared by \_\_\_\_\_