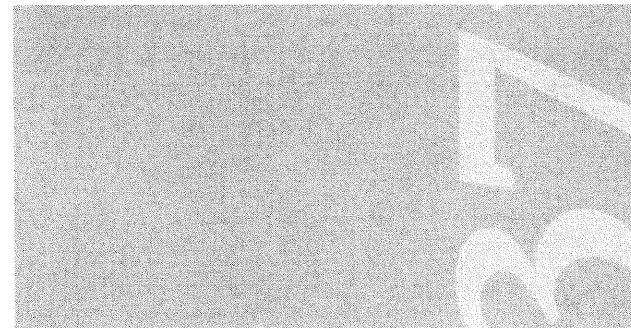
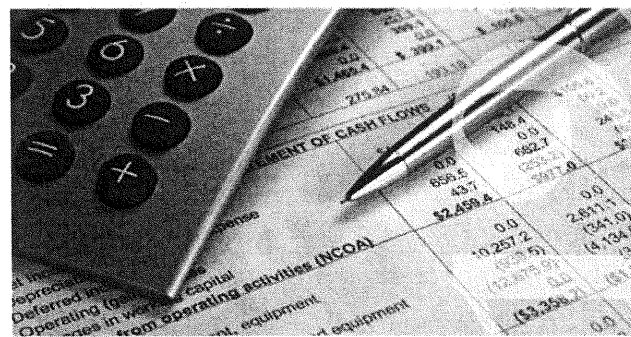
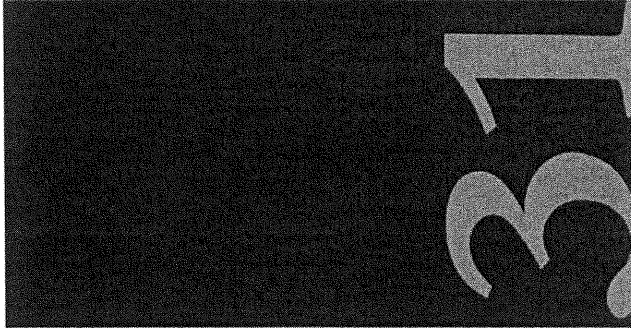
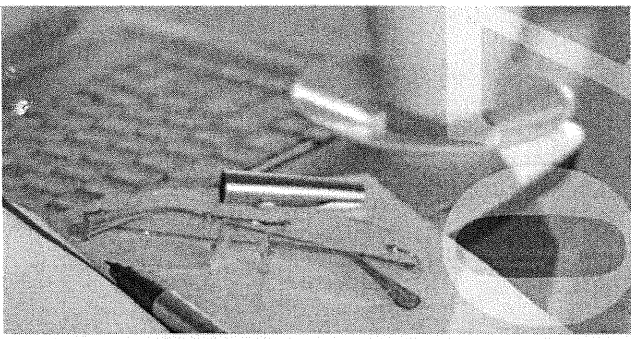


Attachment 2  
Partial Proposal Sections



# Ventura County Transportation Commission

*Ventura, California*

**Proposal to Provide  
Professional Auditing Services**

**For the Fiscal Years Ending  
June 30, 2015 to June 30, 2017  
with the option to extend  
for two (2) additional one-year periods**

**January 27, 2015**

## **TECHNICAL PROPOSAL**

**Kenneth H. Pun, CPA, CGMA**

Managing Partner

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California CPA License Number: PAR 7601

Federal Identification Number: 46-4016990



**THE  
PUN GROUP**  
ACCOUNTANTS & ADVISORS

# Ventura County Transportation Commission

## Proposal to Provide Professional Auditing Services

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### Section IV – Audit Methodology

#### *Understanding of the Scope*

The Ventura County Transportation Commission (Commission) is requesting proposals from qualified certified public accounting (CPA) firms to audit the Ventura County Transportation Commission's financial statements and prepare related reports for three (3) years beginning with the fiscal year ending June 2015. The audits will 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 issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

The Firm will:

- ✓ Perform audits of the Ventura County Transportation Commission's Financial Statement 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 firm will review and assist with the preparation of the Commission's Comprehensive Annual Financial Report (CAFR) including accompanying schedules and notes
- ✓ Render opinions on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements
- ✓ Apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major Special Revenue Funds of the Commission
- ✓ Prepare a separate Single Audit Report, to include the following:
  - Report on compliance and on internal control over financial reporting based on audit of financial statements performed in accordance with *Government Auditing Standards*.
  - Report 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, "Audits of State and Local Governments", and the Single Audit Act of 1984 (Public Law 98-502)..
  - Schedule of Expenditures of Federal Awards.
  - Notes to Schedule of Expenditures of Federal Awards.
  - Schedule of Findings and Questioned Costs.
  - Any other required schedules or reports.
  - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations, if required.
- ✓ 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.

The Firm understands that 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 Firm will review the Commission's CARF to ensure compliance with the requirements of the award program.

The Firm will attend Commission meetings for the purpose of discussing the audit and its conclusion.

# ***Ventura County Transportation Commission***

## ***Proposal to Provide Professional Auditing Services***

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### ***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:

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

### ***Working Paper Retention and Access to Working Papers***

The Firm will retain, at its own expense, all working papers and reports for a minimum of (7) seven years, unless the Commission notifies the Firm writing of the need to extend the retention period. Upon request, the Firm will make working papers available to Ventura County Transportation Commission or other governmental agencies included in the audit of federal grants.

The Firm will comply with reasonable inquiries from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

### ***Objectives of Our Services***

Our primary objective for the proposed audit is to examine the Commission's financial statements and express our opinions on their fairness of presentation, in accordance with generally accepted accounting principles. Other objectives that will benefit the Commission include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls.
- To identify opportunities to make Commission **operations more efficient and reduce costs**.
- To perform the audit efficiently and effectively, so disruption to office operations is minimized.
- To provide continuing advisory services to help the Commission implement recommendations.
- To meet these objectives at no additional cost to the Commission.

The Engagement Team will perform the audit in accordance with the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work.

The Firm will supply portable computers and second monitors to the onsite staff members.

Our audit approach emphasizes careful planning, open communication, and proper assignment of responsibilities. This method ensures that audit requirements will be met with minimal disruption of the Commission's daily operations, and that the audit will proceed efficiently with full understanding between the Engagement Team and the Commission.

# Ventura County Transportation Commission

## Proposal to Provide Professional Auditing Services

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### **Audit Dates**

Audit planning, documentation of systems of internal control and compliance and transaction testing will be completed during the interim stage. The Firm will begin the interim audit in early May. The Commission 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 30 days after the last day of field work. The Firm will be available for any meetings that may be necessary to discuss the draft audit reports. After all issues of discussion have been resolved, the reviewed CAFR, Single Audit report and other reports will be delivered to the Finance Director.

The Firm will provide the Commission 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.

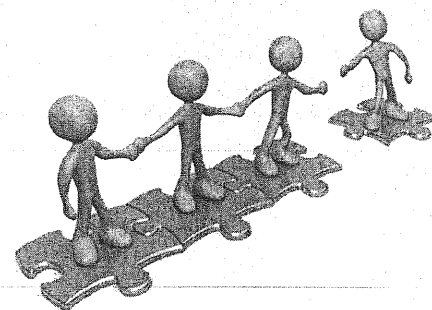
The Firm will attend Commission meetings for the purpose of discussing the audit and its conclusions.

### **Proposed segmentation of the engagement**

The audit will be performed in four phases:

#### **Initial Planning Meeting:**

The Engagement Partner and Manager will meet with Commission's Management to get up to speed with Commission policies and procedures, establish any specific requirements Management may have identification of unique transactions, implementation of new GASB pronouncements and develop the audit work plan for the engagement.



#### **Interim:**

The Engagement Team—including the Engagement Partner—will assess accounting policies adopted by the Commission, obtain an understanding of the Commission and its operating environment, review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal control, perform preliminary analytical procedures, evaluate Single Audit compliance (if needed), identify any audit issues, and prepare confirmation correspondence. The Engagement Team and Commission Management will establish expectations including responsibilities and assignments for the year-end audit, and will hold a progress status meeting at the end of the Interim phase.

#### **Year-End:**

The Engagement Team—including the Engagement Partner—will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform preliminary analytical procedures, search for unrecorded liabilities, perform substantive analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The Engagement Team and Commission Management will hold an exit conference at the end of the Year-End phase.

#### **Reporting:**

The Firm will review and prepare audit reports and perform quality control procedures in accordance with the Quality Control Standards issued by the AICPA. We will also review reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be issued in a letter to Management. At the Commission's request, the Engagement Partner, Concurring Partner, and Managers will present the audit to the Commission's governing body.

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal Commission circumstances delay the audit.

# Ventura County Transportation Commission

## Proposal to Provide Professional Auditing Services

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. Interim work is to be performed during the months of April through June (District preference) of each year; year-end fieldwork to begin in August-September of each year (District preference of Dates), concluding by the week of September 30<sup>th</sup> of each year; and delivery of the Final auditor's opinions on the financial statements and Management Letter no later than October 31<sup>th</sup> of each year or earlier per District requirements.

Timing	Activity (See Appendix A for more Details)
April - June (schedule meeting during this period)	Conduct audit entrance conference.
During April - June each year (3 to 4 days scheduled during this period at the Commission's convenience)	Perform preliminary procedures including: transition efforts, initial control assessments, minute and contract/major agreement review, major transaction review, conduct EDP review, final controls assessment, determination of specific audit procedures, provide finance department with audit plan and listing of audit schedules required, conduct progress conference with key Finance personnel. Complete test for Federal Awards.
During August-September( 4 to 5 days working days during this period)	Commence audit fieldwork and execute detailed audit plan, conduct progress conference with key Finance personnel. Complete Single Audit Testwork, if necessary.
By October 10th	Present drafts of the Annual Financial Report Opinions, Management Report, Other Letters and conduct an exit conference.
By October 20th	Provide final recommendations, revisions and suggestions of the Commission's Financials.
By October 31st	Deliver Final Opinions and then Present the Financials to Board.

### Level of staff and number of hours to be assigned to each proposed segment of the engagement

We understand that the Commission is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience and dedication that the auditing firm employs. We stress "employ" because all of the knowledge and expertise shown on paper will not benefit you unless it is applied. This application equates to time spent. We have developed an hours plan that we feel will accomplish the objectives of the Commission and meet your particular needs. We have used the information you have shared with us and our experience over the years auditing other governmental entities including cities of a similar size and nature to develop an effective and efficient plan for all major areas.

#### Total Hours:

Staff Classification Performing Work	Estimated Hours Annually
Partners	20
Managers	80
Supervisory Staff	100
Professional Staff	120
Administrative Staff	10
<b>Total Annual Hours:</b>	<b>330</b>

Hours by Audit Phase	Hours
Phase I - Planning	30
Phase II - Interim	130
Phase III - Year End	140
Phase IV - Reporting	30
<b>Total Annual Hours:</b>	<b>330</b>

# Ventura County Transportation Commission

## Proposal to Provide Professional Auditing Services

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### Section V – Client Assistance

#### *GASB 67 and 68 Implementation*

Gary M. Caporicci has tremendous expertise in assisting clients with the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. **Clients of the Pun Group will benefit from his expertise during the entire process of implementation of these Standards throughout the engagement.**

Currently, Gary is authoring the continuing professional education courses for both the AICPA and CalCPA Society on these subject matters. Following are the highlights of his course:

**Description:** Designed to present the New Pension Standards from the Governmental Auditing Standards Board (GASB). These standards are effective for fiscal years beginning after June 15, 2014 and are applicable to all State and Local government agencies. This program will cover the following standards, as well as any updates.

- GASB No. 68, *Accounting and Financial Reporting for Pensions*
- GASB No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68

#### **Objectives:**

- Understand the accounting depth and financial reporting impact of the New Pension Standards
- Review the accounting and financial reporting of significant accounts including:
  - Total Pension Liability
  - Net Pension Liability
  - Deferred Outflows and Deferred Inflows of Resources
  - Net Fiduciary Position
  - Pension Expense
- Present and thoroughly review the audit implications and solutions for the retirement systems auditor's and the local government agencies auditor.

#### **Major Topics:**

- Accounting and financial reporting, including expanded Note Disclosures and Required Supplementary Information
- Identify and explain critical dates for implementation
- Understand and describe the actuary's role as to key dates and actuarial information

#### *Client Training Seminar*

Also, **every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues.** The day-long session—held in Clovis, San Diego, Cerritos, and Danville—qualifies for **eight hours of CPE** with the California Board of Accountancy.

Participants in the most recent training seminar received a high-level examination of numerous technical issues, including the following:

- New and anticipated Pronouncements issued by Governmental Accounting Standards Board (GASB) and future issues under consideration by GASB
- Fraud in Government
- Current Development in Marijuana Dispensaries and Related Internal Control Concerns
- What you need to know, as an auditee, for your 2014 Single Audits, including the OMB Circular A-133 Compliance Supplement
- **Discussion of GASB Statements No. 67 and 68, "Accounting and Financial Reporting for Pension Plans"**
- Overview of the Survey of Cities and Counties

**Importantly, all of our clients are invited to attend to the Pun Group, LLP client training seminar FREE OF CHARGE.**



# Ventura County Transportation Commission

## Proposal to Provide Professional Auditing Services

### Section VIII – Price Proposal

#### Certification

We are committed to the performance of a high quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, both partners will provide advice and consultation as needed, at no additional cost to Ventura County Transportation Commission.

**Name of Firm:** The Pun Group, LLP  
Certified Public Accountants and Business Advisors  
200 East Sandpointe Avenue, Suite 600  
Santa Ana, California 92707

**Certification:** Kenneth H. Pun is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with the Ventura County Transportation Commission.

#### Total All-Inclusive Maximum Price

The total cost per service for each of the three years beginning with 2014-2015 with an option to extend for two (2) subsequent periods:

#### ATTACHMENT A AUDIT COST PROPOSAL

Service	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
VCTC Audit and Related Reports	\$ 35,000	\$ 35,800	\$ 36,600	\$ 37,400	\$ 38,200
VCTC Single Audit and Related Reports	\$ 4,500	\$ 4,605	\$ 4,710	\$ 4,815	\$ 4,920
<b>Total for fiscal year (not-to-exceed)</b>	<b>\$ 39,500</b>	<b>\$ 40,405</b>	<b>\$ 41,310</b>	<b>\$ 42,215</b>	<b>\$ 43,120</b>

Based on the information provided by the Ventura County Transportation Commission and our understanding of the engagement, the Commission is subject to the Single Audit Act in accordance with OMB Circular A-133. The Single Audit fees are based on (1) one major program. If the Ventura County Transportation Commission applies for additional funding subsequent to the preparation of this proposal, the fee to audit additional programs will be \$2,500 each. The number of programs determined to be "major" will be based on OMB Circular A-133. The Engagement Team will discuss this with the Ventura County Transportation Commission's Management before starting Single Audit work.