

Carmichael Water District

REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDIT SERVICES

Purpose of RFP

The purpose of this Request for Proposals (RFP) is to obtain the services of a qualified certified public accountant to provide financial audit services to the Carmichael Water District.

Scope of Services

The District annually requires that an audit of its financial records be performed by a certified public accountant. The selected auditor will be requested to express an opinion on the fair representation of the District's general purpose financial statements in conformity with generally accepted accounting principles.

The auditor will 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.

It is the District's intent to enter into an agreement for auditing of its financial statements for the fiscal year ending June 30, 2010. A one-year agreement with an option to extend for a period of up to four (4) additional years is contemplated, subject to the satisfactory negotiation of terms and the review and approval of the Carmichael Water District Board of Directors.

The District requires that the audit be performed in accordance with generally accepted accounting standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the most current edition of the U.S. General Accounting Office's Government Auditing Standards, and the Minimum Audit Requirements and Reporting Guidelines for California Special Districts, as issued by the State Controller's Division of Local Government Fiscal Affairs pursuant to Government Code Section 26909.

Required Deliverables

Following the completion of the audit, the selected auditor will be required to deliver the following reports to the District:

1. An Independent Auditor's Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The selected auditor shall furnish 20 bound copies and one unbound copy of the Report to the District. The selected auditor shall also present the results of the audit to the Board of Directors in public session.
2. A Management Letter to the District's General Manager, communicating 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. The auditor shall also provide a separate Management Letter communicating any immaterial items noted during the audit.

3. A report on any irregularities or illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the District's Board of Directors and the General Manager.
4. A report on cash and investments, including confirmations of savings and reconciliation of statements and individual investments to District records.
5. Preparation of the State Controller's Report.

The District's audit report is to be submitted within 120 days following the end of the fiscal year. In order to comply with this timetable, the following tentative schedule has been established for preparation and delivery of the audit report:

Commence onsite work on District audit:	August 16, 2010
Draft report submitted for District review:	September 7, 2010
Final audit report due:	September 14, 2010
Audit report presentation to Board of Directors:	September 20, 2010

General Information

The Carmichael Water District is an Irrigation District, founded in 1916, operating under the State of California Water Code. The District provides domestic water to an estimated service area population of 40,000 customers via approximately 11,298 water service connections in Sacramento County. The District operates under a governing body of five elected members on a Board of Directors with an appointed General Manager/Secretary. The District employs an operations and administrative staff of twenty-four full-time employees, including the General Manager.

The District's financial records are maintained on the accrual basis of accounting. The District has an operating budget of \$8,933,435 for the fiscal year ending June 30, 2010. Cash and investment assets are maintained within several funds segregated for specific uses, e.g. operations, capital improvements, depreciation reserve, emergency reserve, etc.

The District uses an industry specific utility billing and payment processing software, with several personal computers networked on this system. The District also uses a multi-user software on the same network system for General Ledger and Accounts Payable.

Copies of the District's 2009 Audit Report, the 2009 State Controller's Report, and the District's 2009-2010 Budget are enclosed with this RFP for your reference.

The auditor's primary contact with the District will be Laura E. McManigal, Financial Services Supervisor. Mrs. McManigal will coordinate the assistance to be provided by the District to the auditor. District staff will be available during the audit to assist the auditor by providing information, documentation, and explanations. The preparation or confirmations will be the responsibility of the auditor.

Proposal Requirements

1. General Requirements

- A. Proposal Due Date. **Six (6) Copies** of the firm's proposal must be submitted no later than **Noon on Friday, April 2, 2010**, at the District Office located at 7837 Fair Oaks Blvd. Carmichael, CA 95608.
- B. Inquiries. Inquiries concerning the request for proposals and the subject of the request for proposals should be made to:

Laura E. McManigal, Financial Services Supervisor
Carmichael Water District
7837 Fair Oaks Blvd.
Carmichael, CA 95608
Telephone: (916) 483-2452
Fax: (916) 483-5509

2. Proposal Submission and Content

- A. Title Page. Show the RFP subject, name of the audit firm, local address, telephone number and fax number of a contact person, and date of the proposal.
- B. Table of Contents. The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.
- C. Transmittal Letter. Please limit the transmittal letter to one page, and include the following information:
- A brief statement of understanding of the scope of accounting and audit services to be performed.
 - A commitment to perform the service within the time period specified within this RFP.
 - The name of the persons authorized to represent the proposing firm, their title, address, and telephone number.
- D. Profile of the Proposing Firm. Please provide the following background information:
- Staffing size of your firm, and your firm's client base (i.e., local, regional, statewide, etc.).
 - Location of the office from which the work will be done and the staffing allocation for that office.

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- Statement as to the firm's capability to conduct audits of governmental entities, including an affirmation that the proposing firm and its agents are properly licensed for practice as Certified Public Accountants. It is expected that the firm's staff will meet the Continuing Education Requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions published by the U.S. General Accounting Office.
- E. Summary of the Proposing Firm's Qualifications. Identify the audit manager and senior staff who will work on the audit. Resumes including relevant experience and continuing education for the managing and reviewing partner should be included (please use an appendix for this information). Describe recent auditing experience similar to the scope of the services requested, and provide the names and telephone numbers of references of three (3) governmental clients for whom your firm has performed similar audit services. Include a copy of your firm's most recent peer review letter.
- F. Work Plan and Schedule. Outline a work plan to accomplish the proposed scope of work to demonstrate how the time requirement will be met. The work plan should include time estimates for each significant segment of the work to be performed and a description of the expected assistance from the District. The work plan should also identify and describe any anticipated potential audit problems and the firm's approach to resolving these problems.
- G. Compensation, Payment and Terms. The proposed cost to provide audit services shall be provided in a sealed envelope that is separate from the proposal itself. Estimate the total hours and estimated out-of-pocket costs anticipated to achieve the scope of work. Submit an all-inclusive maximum fee for the initial year (Fiscal Year 2009-2010) and each of four (4) subsequent years (FY 2011, 2012, 2013, 2014). Break these maximum fees down into component charges for the following sub-tasks:
- Preparation and audit of the district's general purpose financial statements, including required supplementary information required by the Governmental Accounting Standards Board, Management Letter, and presentation of results of the audit to the Board of Directors in public session.
 - Supplementary report on cash and investments.
 - Preparation of the State Controller's Report.

The dollar cost proposal should include a schedule of professional fees and expenses by staff level that support the total all-inclusive maximum fee. Progress payments will be made on the basis of hours of work completed during the course of the work and out-of-pocket expenses incurred in accordance with the firm's dollar cost under terms to be agreed to in a contract to be executed between the selected auditor and the District. Interim billing shall cover a period of not less than a calendar month. A copy of your company's professional services agreement must be included in the RFP.

- H. Additional Professional Services. Should it become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the rates set forth in the schedule of fees and expenses included in the proposal.

Proposal Evaluation and Selection Process

1. Auditor Selection Committee. Proposals submitted will be evaluated by a five (5) member Audit Committee consisting of two (2) members of the Board of Directors, the General Manager, the Assistant Manager, and the Financial Services Supervisor.
2. Review of Proposals. A recommendation for award of an audit services agreement will be made to the Board of Directors by the Auditor Selection Committee. The recommendation for award will be based upon qualifications for the types of services to be performed and at a fair, competitive and reasonable price. The Auditor Selection Committee may, at its discretion, request any or all firms to make oral presentations or interviews. Such presentations, if requested, will provide firms with an opportunity to answer any questions the Auditor Selection Committee may have on a firm's proposal.
3. Right to Reject and Retention of Proposals: Acceptance of RFP Conditions. The District reserves the Right to reject any or all proposals and accepts no responsibility for the cost of proposal preparation.

The District reserves the right to retain all proposals submitted and to use any idea in a proposal regardless of whether that proposal is selected.

Submission of a proposal indicates acceptance by the firm of the conditions in this RFP unless clearly and specifically noted in the proposal submitted.

4. Schedule for Proposal Submission and Review. The following is a list of key dates in the proposal submission and review process. The District reserves the right to amend this schedule; however, all potential proposers will be informed in writing of any changes.

Request for Proposal issued:	March 5, 2010
Due date for submission of proposals:	April 2, 2010, Noon
Recommendation for Auditor Services to Board of Directors:	April 19, 2010