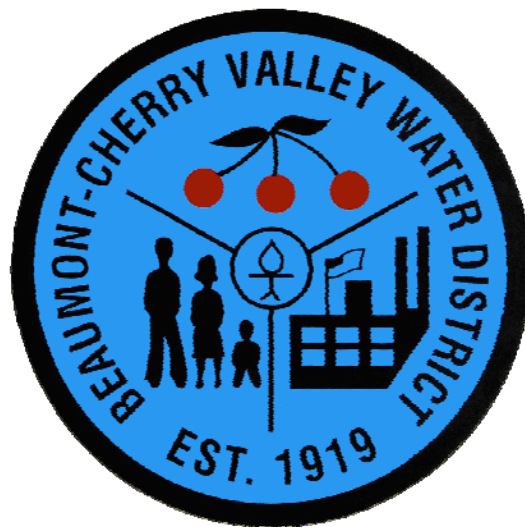


Beaumont-Cherry Valley Water District

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



REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES
August 21, 2017

I. INTRODUCTION:

A. General Information

The Beaumont-Cherry Valley Water District (the District) is requesting proposals from qualified certified public accounting firms to audit its financial statements for three (3) years beginning with the calendar year ending December 31, 2017, with the option of extending the contract for two (2) additional one-year periods, at the District's sole discretion. The contract may be terminated if the District determines the audit services to be unsatisfactory.

These audits are to be performed in accordance with the Minimum Audit Requirements and Reporting Guidelines for California Special Districts as required by the State Controller's office and with Generally Accepted Auditing Standards (GAAS).

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et. seq.), unless exempt. Additionally, the District reserves the right to reject any or all proposals submitted.

The District reserves the right to retain all proposals submitted and to use any ideas 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.

Proposals submitted will be evaluated by the Interim General Manager, Finance Staff and the Finance & Audit Committee. During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information and clarifications from proposers, or to allow corrections of errors or omissions. Oral presentations may be requested the week of October 2, 2017 at the District's discretion by any one or more firms. It is anticipated that the recommendation of the auditing firm selected will be presented to the Board of Directors at its Meeting on Wednesday, October 11, 2017. Following notification of the selected firm, it is expected that a contract will be executed between both parties by October 26, 2017.

II. DESCRIPTION OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT

A. Background Information

The District was formed in 1919 under the Wright Act of 1897. The District's service area is approximately 28 square miles with a majority of the area within the communities of Beaumont and Cherry Valley.

II. DESCRIPTION OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT (CONTINUED)

The system is served exclusively by ground water using 24 wells. Recharge of the basin is accomplished using imported State Water Project water at the District's recharge facilities. A total of 30 million gallons of potable and 2 million gallons of reclaimed water storage provide peak demand and fire protection reserves. The water distribution system is comprised of over 100 miles of potable water lines and approximately 28 miles of reclaimed water lines (including transmission and distribution lines) ranging from 2 to 30 inches in diameter.

The District is governed by a five-person, elected Board of Directors, each of whom serves a four-year term.

See our website at www.BCVWD.org for more details about the District. It is the proposing firm's responsibility to obtain an understanding of the District's accounting system, the scope of the audit, and the work to be performed in order to successfully complete the audit, prior to submitting its proposal and bid.

B. Prior Auditor

Vavrinek, Trine, Day & Co., LLP has served as the District auditor for the past five (5) years.

III. NATURE OF SERVICES REQUIRED — SCOPE OF WORK

A. The selected auditor will be required to complete the following tasks:

1. Audit the District's basic financial statements in accordance with GAAS in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Governmental Accounting Standard Board (GASB) Statement requirements.
2. 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.
3. Issue a report on internal control over financial reporting based on an audit of financial statements and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, in accordance with Government Auditing Standards.
4. Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A), budgetary comparison information, and the Supplementary Information.
5. Prepare report for Board of Directors and Management which identifies control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.

III. NATURE OF SERVICES REQUIRED — SCOPE OF WORK (CONTINUED)

6. Present and discuss results of annual financial statement audit to the Board of Directors at the next regularly scheduled Board Meeting after audit completion.
7. Communicate immediately, and in writing, all irregularities and illegal acts, or indications of illegal acts, of which you become aware, to the Finance & Audit Committee.
8. Provide general consultation as required, during the year, on financial accounting and reporting matters.
9. Retain, at auditor's expense, audit working papers for three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. In addition, the firm shall respond to reasonable inquiries of the District, and successor auditors, and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance.

IV. TIMING AND OTHER REQUIREMENTS

A. Key Dates for Proposal Evaluation and Selection:

Time Table	
Distribution of RFP	August 21, 2017
Deadline for submission of questions	September 7, 2017
Proposal submission	September 21, 2017
Proposal review (Week of)	September 25, 2017
Notification to all bidders	October 2, 2017
Oral presentations, as needed (Week of)	October 2, 2017
Board approval	October 11, 2017
Notification to finalists	October 12, 2017
Expected signing of Contract	October 26, 2017

We have made every effort to include sufficient information within this Request for Proposal (RFP) for firms to prepare as responsive, comprehensive, and competitive a proposal as possible.

The timing of the proposal process is as follows:

1. Distribution of RFP: August 21, 2017.
2. Questions: Inquiries concerning the RFP should be addressed to Yolanda Rodriguez, Director of Finance & Administrative Services at yolanda.rodriquez@bcvwd.org. A copy of the District's most recent audited financial statements, the Board adopted 2017 Operating Budget and the Board adopted 10-Year Capital Improvement Plan are available on the District's website at www.bcvwd.org.
3. Proposal Submission: Proposals must be delivered in person or mailed directly to Beaumont-Cherry Valley Water District no later than 5:00 P.M., September 21, 2017.

IV. TIMING AND OTHER REQUIREMENTS (CONTINUED)

4. Late submissions after the deadline or proposals delivered via fax will not be accepted. A total of five (5) identical proposals labeled "PROFESSIONAL AUDIT SERVICES PROPOSAL" and an electronic version on CD or USB memory stick must be submitted to the following address as follows:

560 Magnolia Ave
Beaumont, CA 92223
Attention: Yolanda Rodriguez, Director of Finance & Administrative Services

5. Proposal Review: Our review committee will evaluate each proposal submitted. It is anticipated that the review process will be completed by September 28, 2017.
6. Oral Presentations, as needed: Any finalists selected for an oral presentation will be notified. Oral presentations will take place at BCVWD Administrative Offices the week of October 2, 2017.
7. Notification to all bidders: We anticipate sending written notification to all proposers regarding the outcome of the review process by October 2, 2017. Upon written request, we will provide an electronic copy of the finalist proposal(s).
8. Notification to finalists: The review committee will forward its recommendation to the District's Board of Directors for approval at the regularly scheduled meeting of October 11, 2017. All finalists will be notified of the final decision by October 12, 2017. Upon written request, we will provide an electronic copy of the selected proposal once the contract is executed.
9. Contract Term: The Audit Services contract will become effective on the execution of the contract for three (3) calendar years ending December 31, 2017, 2018 and 2019 with the option to extend the contract for two (2) additional one-year periods, at the District's sole discretion.

We will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, we reserve the right to modify the proposal process and dates as deemed necessary, and to not award a contract. The District assumes no obligation for any costs incurred by any proposer in preparing the response to this request, attending an interview, or any other activity prior to award of the contract to the selected proposer.

IV. TIMING AND OTHER REQUIREMENTS (CONTINUED)

B. Project Schedule for Fiscal Year 2017 Audit (Year ending December 31st)

1. The auditor shall provide the District with an audit plan, including a list of schedules and other work requested no later than February 1, 2018.
2. The District expects to have all records, prepared by client lists, and schedules ready for the audit field work before March 29, 2018 and would expect field work to commence no later than the beginning to the middle of April, 2018.
3. The auditor shall complete field work in time to allow District preparation of the draft financial statements and discussion of the draft statements with District Staff by May 17, 2018.
4. A draft of the management letter shall also be provided by May 31, 2018. District Staff shall have the opportunity to discuss and comment upon any findings and recommendations prior to issuance.
5. Final draft financial statements will be presented by auditor to Board of Directors at its June 13, 2018 meeting.

A similar schedule will be developed for audits of subsequent fiscal years.

C. Assistance Provided to the Auditor

Finance Department staff will be available during interim and audit field work to assist the firm by providing access and direction to information and documentation, and be available for explanations of all inquiries. Staff will provide clerical assistance for preparation of confirmations and other routine correspondence. The District will be responsible for the preparation of the MD&A.

The District will provide the auditors with reasonable workspace, phone, wireless internet and copy machine access.

D. Additional Services

If it should 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 on this engagement, 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 same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal.

E. Payment

Progress payments will be made on work completed during the course of the engagement. Interim billings shall cover a period of not less than a calendar month.

V. PROPOSAL REQUIREMENTS

A. Format of Technical Proposal

1. Title page
 - a) The RFP subject,
 - b) The proposing firm's name,
 - c) Contact person's name, local address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to the District, and;
 - d) The date of submission.
2. Table of Contents
 - a) Identification of material submitted, by section and page number,
 - b) Cross reference to section and page number of RFP.
3. Transmittal Letter
 - a) General introduction stating the proposer's understanding of the services to be provided,
 - b) A positive commitment to perform the service within the time period specified,
 - c) A statement why the firm believes itself to be best qualified to perform the engagement,
 - d) A statement of how long you have been in business and how many financial audits were performed by your firm for public agencies during the past five (5) years,
 - e) A statement that the proposal is a firm and irrevocable offer for the stated period of time,
 - f) Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address, and;
 - g) Signature.
4. Detailed Proposal Following the Order Set Forth in Section B

B. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this RFP. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

V. PROPOSAL REQUIREMENTS (CONTINUED)

The Technical Proposal should address all the points in the order outlined in the RFP (exclude any cost information, which should only be included in the cost proposal section). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

1. 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.

2. Independence

The firm should provide affirmative statement that it is independent of the District as defined by GAAS and the US General Accounting Office's Government Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the District written notice of any professional relationships entered into during this period of this agreement.

3. Insurance Requirements

The chosen firm/consultant will be required to maintain insurance coverage throughout the course of the Professional Services Agreement (PSA), and shall provide BCVWD with evidence of said coverage as set forth in the PSA. The requirement is subject to change and modification pursuant to review by the District's legal counsel. Please review contract language and insurance requirements prior to submitting proposal and note any proposed exceptions to the PSA tenets in your proposal. The PSA is attached for reference.

4. Firm Qualification and Experience

To qualify, the firm must have extensive experience in audits of local governments as well as experience with the preparation of basic financial statements in compliance with GAAP, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and GASB requirements.

V. PROPOSAL REQUIREMENTS (CONTINUED)

The proposal should briefly introduce your firm, indicating whether your firm is local, regional, national, or international. 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 on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Indicate the name of the person who will be authorized to answer questions and to bind the firm, the person's title, address, email and telephone number.

The proposer should not be a joint venture or consortium.

If your firm participates in a peer review or quality review program provide the year, month and result of the most recent review and submit a copy of the report on the firm's most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, provide 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.

5. Engagement Partner, Manager/Supervisor and Staff Qualifications and Experience

Identify the senior-level staff, including engagement partner and manager/supervisor, who would be assigned to this engagement on an on-going basis. Indicate whether these individuals have CPA licenses to practice in California. Please provide information on the governmental auditing experience of these individuals, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit as well as engagements performed (including years). The District reserves the right to approve or reject any replacements in the senior level staff participating in the District's audit.

Identify junior-level staff who would be assigned to this engagement. How stable is this team of individuals in relationship to being assigned to this engagement on an annual basis? Please indicate their experience as outlined above for senior level staff. How will the quality of the junior-level staff be assured over the term of the agreement? Indicate whether these individuals have CPA licenses to practice in California. Please provide information on the governmental auditing experience of these individuals, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit as well as engagements performed (including years). The District reserves the right to approve or reject any replacements in the junior level staff participating in the District's audit.

Staff consistency is a very important consideration. Include resumes of those individuals supervising the audit.

V. PROPOSAL REQUIREMENTS (CONTINUED)

6. Prior Engagements with the District

List separately all engagements within the last five (5) years, ranked on the basis of total staff hours, for the District by type of engagement (i.e., audit, management or advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. 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 Section III of this RFP.

a) Proposed segmentation of the audit work:

- i. What will be accomplished during interim and what at year end?
- ii. What other contact can the District expect during the year related to the audit engagement?

b) Expectations of District Staff:

- i. What documents and working papers are expected to be provided by District Staff during interim and year end work? Please provide sample Prepared by Client (PBC) lists and schedules for each section of the audit field work.

c) Proposed time frame for each segment of audit work:

- iii. What is the anticipated length of field work for interim and year end work?
- iv. What is the standard turnaround time from end of field work, to senior level review, to final draft, to partner review, to audit report issuance?

8. Planned number of hours on the engagement for each level of auditing staff.

a) Sample size and the extent to which statistical sampling is to be used in the engagement.

9. Type and extent of use of software in the engagement.

10. Type and extent of analytical procedures to be used in the engagement.

11. Approach to be taken to gain and document an understanding of the District's internal control structure.

12. Approach to be taken in determining laws and regulations that will be subject to audit test work.

13. Approach to be taken in drawing audit samples for purposes of tests of compliance.

14. Identification of Anticipated Potential Audit Problems

15. The proposer should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be required from the District.

V. PROPOSAL REQUIREMENTS (CONTINUED)

16. References

Please provide the name of all cities, counties and special districts for which the firm has audited basic financial statements during the past three (3) years. These engagements should be ranked first for special districts on the basis of total staff hours, followed by all cities and counties ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partner, total hours.

Please include reference contact information for at least three (3) of these special districts, including the name, telephone number and email address of the principal client contact. The District reserves the right to contact any or all of the listed references.

17. Proposal Data Sheet

In addition to your formal response, all firms must enclose a data sheet. Refer to the attached form.

18. Additional Information Required

What additional information would you require from the District, if you were selected to provide audit services, before you accepted the engagement?

19. Delegation or subcontract responsibilities

Proposer will not delegate or subcontract its responsibilities without prior written consent of the District.

20. Price

A complete estimate and explanation of fees is to appear in the text of your response in addition to the estimates contained on the proposal data sheet. A Total All-Inclusive Maximum Price for the 2017 engagement and for each of the following two (2) years. Indicate how additional years fees would be calculated if the contract is extended beyond three (3) years. Please provide a list of fees for additional services that may be requested in relation to this audit.

All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, the reasons for the additional services together with the firm's estimate of costs, and a statement that no work will be performed without advance approval by the District. Any and all additional work as agreed in advance by the District shall be compensated for at the same rate quoted in the schedule submitted in the proposal.

VI. EVALUATION PROCEDURES

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and price. The following represents the principal selection criteria, which will be considered during the evaluation process:

A. Mandatory Elements:

1. The audit firm is independent, insured and licensed to practice in California.

VI. EVALUATION PROCEDURES (CONTINUED)

2. The firm has no conflict of interest with regard to any other work to be performed for the District.
 3. The firm adhered to the instructions in the RFP.
 4. The firm submits a copy of its last external quality control review report and the firm has record of quality audit work.
- B. Technical Quality:
5. Expertise and Experience
 - a) The firm's substantial past experience in performing the required audits on government agencies comparable to the District.
 - b) The quality and stability of the firm's professional staff to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation is acceptable to the District.
 6. Audit Approach:
 - c) The firm provided proposed plans for the various segments of the engagement which are acceptable to the District.
 - d) The firm presented a thorough understanding of the objectives, scope and issues for this type of engagement.
 - e) Adequacy of proposed staffing plan.
 - f) Adequacy of sampling techniques.
 - g) Adequacy of analytical procedures.
 - h) The firm is committed to the timeliness in the conduct and completion of the audit.
- C. Price:
Evaluation of the maximum fee to conduct the audit.
- D. Oral Presentation
- During the evaluation process, committee staff may, at its discretion, request any one or more firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.
- E. Final Decision
- It is anticipated that the Board of Directors will approve the selection of a firm on October 11, 2017. Following notification to the firm selected, it is expected a contract will be executed between both parties by October 26, 2017.