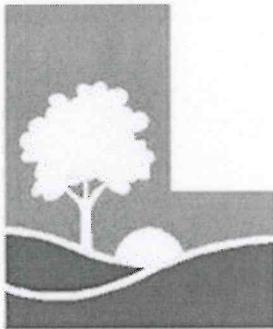


***LIVERMORE AREA  
RECREATION & PARK DISTRICT***

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



Livermore Area  
Recreation & Park District  

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*An independent special district*

**LIVERMORE AREA RECREATION & PARK DISTRICT**  
**REQUEST FOR PROPOSALS**  
**PROFESSIONAL AUDITING SERVICES**  
January 8, 2013

**I. INTRODUCTION:**

**A. General Information**

The Livermore Area Recreation & Park District (District) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for three years beginning with the fiscal year ending June 30, 2013, with the option of extending the contract for two (2) additional one-year periods, at the District's sole discretion. The contract may be canceled 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.

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 set.), 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 General Manager, Finance Staff and Budget 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 February 25, 2013 at the District's discretion by any one or more firms. It is anticipated that recommendation of the auditing firm selection will be presented to the Board of Directors at its Wednesday, March 13, 2013 meeting. Following notification of the selected firm, it is expected a contract will be executed between both parties by March 29, 2013.

**II. DESCRIPTION OF THE LIVERMORE AREA RECREATION & PARK DISTRICT**

**A. Background Information**

Livermore Area Recreation & Park District, (subsequently referred to as "LARPD" or "District"), is a multi-faceted governmental agency located in Livermore, CA and was created by public vote in 1947. LARPD provides recreation and parks for the 245-square-

mile area bounded by Contra Costa County to the north, San Joaquin County to the east, Santa Clara County to the south and the cities of Pleasanton and Dublin to the west. LARPD is governed by a five-person, elected Board of Directors, each of whom serves a four-year term.

LARPD provides 29 neighborhood parks; three community parks with such amenities as an equestrian center and rodeo grounds, sand-based all-weather soccer fields, and ball fields; four open space parks totaling 1,360 acres; 10 special-use parks; and one campground with 26 campsites. Rental facilities include the Robert Livermore Community Center, Ravenswood Historic Site, Carnegie Building, Veterans Building, The Barn, May Nissen Swim Center, group picnic areas, the equestrian center, and all-weather ball fields.

LARPD also provides preschool and school-aged child care to youngsters in kindergarten through eighth grade at all 11 City elementary schools and at all four middle schools, teen programs, fee classes, youth and adult sports, aquatics, environmental education, special events, and senior services including trips. See our website at [www.larpd.dst.ca.us](http://www.larpd.dst.ca.us) for more details about LARPD.

The District's 2012 – 2013 adopted operating budget totals \$16,154,172. Fifty percent (50%) of the District's revenue is property tax and special assessment. The remaining 50% is comprised mostly of earned income from programs and facilities, and small transfers from reserves.

More detailed information on the District and its finances can be found in the District's 2012 – 2013 budget and the 2012 Basic Financial Statements, both of which are located on the District's website at [www.larpd.dst.ca.us](http://www.larpd.dst.ca.us). Click on Administration/Board on left, and then click on Budget.

The staff currently consists of about 225 year-round employees of which 61 are full time with full employee benefits and 56 are part time with prorated employee benefits. The remaining year-round employees have no employee benefits. Throughout the year, mostly during the summer, the District hires an additional 200+ seasonal employees. The District is organized into four divisions: Administration, Recreation Parks & Facility Maintenance, and Youth/Senior Services. The District utilizes Great Plains 2010 software (general ledger, accounts payable and payroll) to record all accounting transactions and produce reports.

## **B. Prior Auditor**

Maze & Associates, Accountancy Corporation has served as the District auditor for more than ten years.

### **III. NATURE OF SERVICES REQUIRED – Scope of Work**

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

1. Audit the District's basic financial statement in accordance with Generally Accepted Auditing Standards (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 54, Fund Balance Reporting 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. Test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with *Government Auditing Standards*, and issue a report on their consideration.
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. Perform agreed upon procedures on the appropriation limit under Article XIII B of the California Constitution, and issue related report.
6. Prepare the District's Annual Report of Financial Transactions of Special Districts to the State Controller's Office and submit them including a copy of your auditor's report to the District and the State Controller by the required deadlines.
7. Prepare Report to 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.
8. Present and discuss annual financial statement and results of operations to the Board of Directors during its November meeting.
9. Prepare Information Systems Review for vulnerability and PCI compliance, and report results to Management.
10. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the General Manager and the Finance Manager.
11. Provide general consultation as required, during the year, on financial accounting and reporting matters.

12. 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**

**1. Key Dates for Proposal Evaluation and Selection:**

<b>Time Table</b>	
Distribution of RFP	<i>January 8, 2013</i>
Deadline for submission of questions	<i>January 24, 2013</i>
Proposal submission	<i>February 7, 2013</i>
Proposal review	<i>February 8 – 15, 2013</i>
Notification to all bidders	<i>February 19, 2013</i>
Oral presentations, as needed	<i>Week of February 25, 2013</i>
Board approval	<i>March 13, 2013</i>
Notification to finalists	<i>March 15, 2013</i>
Expected signing of Contract	<i>March 29, 2013</i>

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

The timing of the proposal process is as follows:

- A. **Distribution of Request for Proposals:** January 8, 2013.
- B. **Questions:** Inquiries concerning the RFP should be addressed to Donald Humphrey, Finance Manager, at [dhumphrey@larpd.dst.ca.us](mailto:dhumphrey@larpd.dst.ca.us). A copy of the District's most recent audited financial statements and the Board adopted 2012 – 2013 budgets are available on the District's website at [www.larpd.dst.ca.us](http://www.larpd.dst.ca.us), click Administration/Board tab on the left, and then Budget.
- C. **Proposal Submission:** Proposals must be delivered in person or mailed directly to Livermore Area Recreation & Park District at Robert Livermore Community Center no later than 5:00 P.M., February 7, 2013. Late submissions after the deadline or proposals delivered via fax will not be accepted. A total of five identical proposals labeled "AUDIT SERVICES PROPOSAL" plus an electronic version on CD or USB memory stick must be submitted to the following address as follows:

*Livermore Area Recreation & Park District  
 4444 East Ave.  
 Livermore, CA 94550-5053  
 Attention: Donald Humphrey, Finance Manager*

- D. **Proposal Review:** Our review committee will evaluate each proposal submitted. It is anticipated that the review process will be completed by February 15, 2013.
- E. **Notification to all bidders:** We anticipate sending written notification to all proposers regarding the outcome of the review process by February 19, 2013. Upon written request, we will provide an electronic copy of the finalist proposal(s).
- F. **Oral Presentations, as needed:** During the notification to all bidders any finalists selected for an oral presentation will be notified. Oral presentations will take place at Robert Livermore Community Center the week of February 25, 2013.
- G. **Notification to finalists:** The review committee will forward its recommendation to the Livermore Area Recreation & Park District Board of Directors for approval at the regularly scheduled meeting of March 13, 2013. All finalists will be notified of the final decision by March 15, 2013. Upon written request, we will provide an electronic copy of the winning proposal once the contract is executed.
- H. **Contract Term:** The Audit Services contract will become effective on the execution of the contract for three (3) fiscal years ending June 30, 2013, 2014 and 2015 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 reserve the right 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.

## 2. **Project Schedule for Fiscal Year 2012 – 2013 Audit (Year ending June 30)**

- A. The auditor shall provide the District with an audit plan, including a list of schedules and other work requested no later than April 30, 2013.
- B. Depending on the type and extent of interim audit procedures before June 30, 2013, the District expects to have all records, prepared by client lists, and schedules ready for the audit field work by the middle of September, 2013 and would expect field work to commence no later than the middle to late September, 2013.
- C. The auditor shall complete field work in time to allow preparation of the draft financial statements and discussion of the draft statements with District staff by October 18, 2013.

- D. A draft of the management letter shall also be provided by October 18, 2013. District staff shall have the opportunity to discuss and comment upon any findings and recommendations prior to issuance.
- E. Final Draft Financial Statements will be presented by auditor to the Board of Directors at its November 13, 2013 meeting. The Report to the Board of Directors and Management is required to be submitted to the District by October 18, 2013 to enable management to respond and present the Report with management's responses to the Board of Directors. Ten (10) comb bound hard copies and one loose page copy will be provided by auditor along with a copy of the Draft Financial Statements in PDF format on disc by October 18, 2013.
- F. Final copies of the audited financial statements shall be issued no later than November 20, 2013. The final version of the management letter shall be issued by November 20, 2013. Fifteen (15) comb bound hard copies and one loose page copy will be provided by auditor along with a copy of the Final Financial Statements in PDF format on disc.
- G. Additionally, the auditor will prepare the District's Annual Report of Financial Transactions of Special Districts to the State Controller's Office and submit them including a copy of your auditor's report to the District and the State Controller by the required deadlines for 2013.

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

### **3. 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, 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 Management Discussion and Analysis (MD&A).

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

### **4. 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.

## 5. 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.

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 Livermore Area Recreation & Park District as defined by generally accepted auditing standards 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

In order to provide services to the District, your organization must maintain the following insurance:

- A. Worker's Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state of California or in accordance with the applicable laws of the State in which the contractor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit shall not be

less than one \$500,000.00 per occurrence with one million dollars (\$1,000,000.00) aggregate.

- B. Commercial General Liability and Bodily Injury Insurance. A commercial general liability insurance policy for at least \$1,000,000 combined limit for bodily injury and property damage.
- C. Insurance covering the work, the performance of the work and everything incidental thereto, with limits of not less than one million dollars (\$1,000,000.00) per occurrence combined single limit, or in whatever higher amounts as may be required by the District's insurer.
- D. This policy shall be endorsed to cover Contractual liability assumed by the contractor under the indemnity agreement set forth below. If any of the work is sub-contracted, independent contractor's liability providing coverage in connection with such portion of the work, which may be sub-contracted, broad form property damage liability, and personal injury liability.
- E. Automobile Liability and Property Damage Insurance, including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with bodily injury and property damage limits of not less than one million dollars (\$1,000,000.00) per person/per occurrence.
- F. Insurance covering loss of customer data and or data breach with limits of not less than one million dollars (\$1,000,000.00)

Prior to commencing any work hereunder you shall provide to LARPD proper certificates demonstrating that the types and amounts of insurance coverage specified above and any endorsements required hereunder are properly issued and in effect, and provide that LARPD, its officers, employees and agents are named additional insured's under the policy. The policy shall state in writing either on the Certificate of Insurance or attached rider thereof that this insurance will operate as primary insurance for work performed by your organization, its employees, agents and subcontractors, and that no other insurance carried by LARPD or other named insured will be called on to cover a loss covered thereunder.

#### 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 generally accepted auditing standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and Governmental Accounting Standards Board (GASB) requirements.

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 (the District has a strong preference to work with a firm with office and assigned staff located in Northern California), 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. 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? 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.

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.

### 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.

1. Proposed segmentation of the audit work:
  - a. What will be accomplished during interim and what at year end?
  - b. What other contact can the District expect during the year related to the audit engagement?
2. Expectations of District staff:
  - a. 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.
3. Proposed time frame for each segment of audit work:
  - a. What is the anticipated length of field work for interim and year end work?
  - b. 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?
4. Planned number of hours on the engagement for each level of auditing staff.
5. Sample size and the extent to which statistical sampling is to be used in the engagement.
6. Type and extent of use of software in the engagement.
7. Type and extent of analytical procedures to be used in the engagement.
8. Approach to be taken to gain and document an understanding of the District's internal control structure.
9. Approach to be taken in determining laws and regulations that will be subject to audit test work.
10. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification of Anticipated Potential Audit Problems

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.

8. 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 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.

10. Proposal Data Sheet

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

11. 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?

12. Delegation or subcontract responsibilities

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

13. 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 2012 – 2013 engagement and for each of the following two years. Indicate how additional years fees would be calculated if the contract is extended beyond three 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 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:

### 1. Mandatory Elements:

- a. The audit firm is independent, insured and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any other work to be performed for the District.
- c. The firm adhered to the instructions in the RFP.
- d. The firm submits a copy of its last external quality control review report and the firm has record of quality audit work.

### 2. Technical Quality (maximum 50 points):

#### a. Expertise and Experience

- i. The firm's substantial past experience in performing the required audits on government agencies comparable to the District.
- ii. 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.

#### b. Audit Approach:

- i. The firm provided proposed plans for the various segments of the engagement which are acceptable to the District.
- ii. The firm presented a thorough understanding of the objectives, scope and issues for this type of engagement.
- iii. Adequacy of proposed staffing plan.

- iv. Adequacy of sampling techniques.
- v. Adequacy of analytical procedures.
- vi. The firm is committed to the timeliness in the conduct and completion of the audit.
- vii. Location of firm managing and conducting audit.

c. References

3. Price (maximum 50 points):

Evaluation of the maximum fee to conduct the audit.

4. Oral Presentation

During the evaluation process, a staff committee 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.

5. Final Decision

It is anticipated that the Board of Directors will select a firm on March 13, 2013. Following notification of the firm selected, it is expected a contract will be executed between both parties by March 29, 2013.