

WEST BAY



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WEST BAY SANITARY DISTRICT

REQUEST FOR PROPOSAL (RFP)

Annual Audit Services

February 15, 2018

Proposals Due

March 30, 2018 @ 4:00 PM

RFP #: 2018 – 401

Schedule of Key Events:

RFP Release Date: February 15, 2018

Written Questions Due: 4:00 P.M. Pacific Standard Time, March 1, 2018

District's Response to Written Questions: March 15, 2018

Proposal Due Date: No later than 4:00 P.M. Pacific Standard Time on March 30, 2018

Anticipated Contract Start Date: After July 1, 2018

1. INTRODUCTION

West Bay Sanitary District invites qualified firms of certified public accountants, who are licensed to practice in the State of California, to submit proposals for the performance of an examination of its financial statements for the fiscal year beginning July 1, 2017 through June 30, 2018 with the option to extend for an additional three (3) years thereafter, subject to the mutual satisfaction of both parties. The purpose of the examination is to express an opinion on the fairness of the District's financial statements in conformity with generally accepted accounting principles.

2. GENERAL INFORMATION

The West Bay Sanitary District is an independent special district that provides wastewater service to the City of Menlo Park, Atherton, Portola Valley and areas of East Palo Alto, Woodside, and unincorporated San Mateo and Santa Clara Counties. The District is located in the northern part of Silicon Valley approximately 26 miles south of San Francisco, between San Francisco and San Jose. The District was originally formed in December 1902 as the Menlo Park Sanitary District under Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District serves a population of approximately (55,000) via approximately 19,195 predominantly residential sewer service connections.

The District is governed by a five-member Board of Directors whose members are elected at large from the District's service area to staggered terms of four years. Day to day activities of the District are managed by a District Manager, who is appointed by the Board of Directors and oversees a staff of approximately 28 employees with an annual operating budget of approximately \$20 million.

The District's fiscal year begins on July 1 and ends on June 30 of the following year and currently utilizes Abila MIP as its financial reporting system.

The District is a participant of the California Public Employees' Retirement System (CalPERS).

Copies of the budget and annual report can be found at
<https://westbaysanitary.org/about-us/budget-and-finance>

3. DEFINITIONS

“Agreement” means contract signed between the Consultant and the District. (Exhibit “A”)

“Consultant” means the entity awarded the contract by the District.

“District” West Bay Sanitary District.

“Fiscal year” means a period the District uses for accounting purposes, which starts July 1 and ends on June 30 of the subsequent year.

“Proposal” means the Proposer’s best and final response to this RFP.

“Proposer” means the firm responding to this RFP.

“RFP” means request for proposal.

“Successful Proposal” means the proposal submitted with the most favorable proposal based on the evaluation criteria.

4. DETAILED SPECIFICATIONS

4.1 Scope of Work and Deliverables

4.1.1 Financial Statement Audit - The Consultant agrees to conduct a financial audit of the District’s financial statements in compliance with generally accepted accounting principles for fiscal year ending June 30, 2018 and express an opinion on the fairness of the overall presentation of financial statements. The audit is to be performed in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. The examination includes examining transactions and accounts that support the amounts in the financial statements and includes an overall view of the District’s financial position. In addition, such audit procedures should be adequate to determine whether the District financials and operations were conducted in compliance with legal and regulatory requirements and the District’s policies and procedures. Following the completion of the audit of the fiscal year’s financial statements, the Consultant is to provide:

(i) The financial statements

- a) Statement of Net Position
- b) Statement of Revenues, Expenses, and Changes in Net Position
- c) Statement of Cash Flows

(ii) Notes and supplemental schedules presented in the financial statement.

4.1.2 Review of Internal Controls - The Consultant is required to obtain a clear understanding of the District operations, review internal controls, assess fraud risk including interview of both key and randomly selected employees and identify potential areas of misstatements.

4.1.3 An Audit draft including management letter and any significant findings and audit adjustments will be provided to the District Accountant for review no later than the first week of November.

4.1.4 The Consultant will present the results of the audit to the District Finance Committee during the last week of November and address questions presented by them.

4.1.5 Timely completion and filing of the Special Districts Financial Transactions Report with the State Controllers Office.

5. OTHER REQUIREMENTS

5.1 Additional Services - The auditors may be consulted occasionally throughout the year as an information resource. The fee for additional services shall be negotiated separately and performed on a time and material basis as approved by the District Manager according to a schedule of rates provided in the proposal and in subsequent years no later than January of the calendar year.

5.2 Time Requirements - The District will have all records prepared for the audit in a timely manner in order to meet reporting deadlines. Anticipated fieldwork should commence prior to the third Monday in September for the audit of the previous fiscal year. An audit draft should be made available to the District Accountant for review no later than the first week of November. The final audit report and Management letter shall be presented to the District Finance Committee no later than the last week of November.

5.3 Required Notification - The Consultant shall notify the District Manager and District Accountant immediately for any of the following reasons: change in completion date, discovery of possible violations of laws, discovery of the possibility of fraud, discovery of a material weakness in internal controls, or replacement of supervising and/or managing personnel assigned to the audit.

5.4 Replacement of personnel - Changes to the supervising and/or managing personnel of the audit team during the audit period will require notification to the District. The replacement personnel shall have similar credentials and experience as the personnel replaced. The Consultant will be responsible for briefing all replacement personnel on District operations and the status of the work at no expense to the District.

5.5 Work papers - All working papers and reports must be retained, at the Consultant's expense, for a minimum of five (5) years following completion of the audit.

6. SUBMISSION INSTRUCTIONS

6.1 Format - Proposals should be prepared using a font no smaller than 12 point, Times New Roman, on 8 ½"X11" paper. The maximum number of pages a proposal can have is 15 pages inclusive of resumes and references.

6.2 The proposal should address the points listed in the following order:

- A. Firm Profile
- B. Experience in providing similar auditing services to public agencies
- C. Audit methodology, approach, and use of information technology tools
- D. Scope of work
- E. Professional team assigned, role, experience and resume, including any subcontractors
- F. Provide a timeline for the audit
- G. Number of hours allocated to the engagement
- H. Proposed fees, including fees for additional services, signed and dated by an authorized official for FY2017-18, plus the proposed fees for three additional optional years

- I. At least 3 references from previous or current public agency customers within the past 5 years

6.3 Sealed Proposals: Each respondent shall submit only one proposal. A proposal shall include one (1) manually signed original labeled as "Original" and two (2) photocopies of the completed proposals. They shall be submitted in a sealed envelope or package labeled "RFP # 2018-401". Proposals are to be delivered to the District office located at 500 Laurel Street, Menlo Park, CA 94025.

7. EVALUATION

A panel will evaluate the proposals based on, but not limited to the following factors (not necessarily in order of significance):

- A. Quality and experience with government engagements of comparable size and industry
- B. Scope of work
- C. Experience of the firm's assigned project team
- D. Completeness of the response to the RFP
- E. Cost of services
- F. Responses of the references
- G. Oral presentation (if required)

As part of the evaluation and selection process, the District may elect to conduct oral interviews with one or more firms following the evaluation.

8. SCHEDULE

1. RFP Release Date: February 15, 2018
2. Written Questions Due: 4:00 P.M. Pacific Standard Time, March 1, 2018
3. District's Response to Written Questions: March 15, 2018
4. Proposal Due Date: No later than 4:00 P.M. Pacific Standard Time on March 30, 2018
5. Anticipated Contract Start Date: After July 1, 2018

9. CONFLICT OF INTEREST

All respondents must disclose any business relationships or family relations with any officer, board member, subcontractor, or employee of the District.

10. INVOICE FOR WORK

The Proposer shall prepare an estimate of total hours required to complete the engagement along with milestones and payment percentages at the completion of each milestone.

11. SUBCONTRACTORS

Where Proposers do not have the capability to perform the scope of work stated in the RFP "in-house," subcontracting may be permitted with prior knowledge and approval from the District. The subcontractor(s) must be able to perform quality work in a timely manner as it would have been if the

Consultant completed the work. The names of any intended subcontractor(s) should be listed in the proposal. Any subcontractor employed by the Proposer is subject to the same requirements as the Proposer and the Proposer is required to notify such subcontractor.

12. INQUIRIES

All inquiries related to this RFP are to be sent to Liz Bahrami l.bahrami@westbaysanitary.org.

Exhibit "A"

**STANDARD AGREEMENT
AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN WEST BAY SANITARY DISTRICT
AND
XXXXXXXXXXXX**

THIS AGREEMENT, hereinafter referred to as "Agreement", made and effective on this XX day of XXXX, 20XX, by and between West Bay Sanitary District, hereinafter referred to as "District", and XXXXXXXXXXXX, hereinafter referred to as "Consultant."

WITNESSETH:

WHEREAS, the District does hereby retain "Consultant" to perform the annual audit services of the financial statements in accordance with the RFP for audit services issued by West Bay Sanitary District for the fiscal year 2017/18 with the option to extend option to extend for an additional three (3) years thereafter, subject to the mutual satisfaction of both parties.

WHEREAS, Consultant has available, and offers to provide, personnel and facilities necessary to accomplish such work as may be requested by the District;

NOW, THEREFORE, the District and Consultant agree as follows:

I. DESCRIPTION OF PROJECT

The Consultant agrees to conduct a financial audit of the District's financial statements in compliance with generally accepted accounting principles for fiscal year ending June 30, 2018 and express an opinion on the fairness of the overall presentation of financial statements. The audit is to be performed in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. The examination includes examining transactions and accounts that support the amounts in the financial statements and includes an overall view of the District's financial position. In addition, such audit procedures should be adequate to determine

whether the District financials and operations were conducted in compliance with legal and regulatory requirements and the District's policies and procedures.

II. SCOPE OF SERVICES

Consultant agrees to perform those services described in the attached Proposal, listed as (Attachment "1") from Consultant dated XXXX, 20XX entitled XXXXXXXXXXXX, hereinafter referred to as "Proposal."

III. TIME FOR COMPLETION

The work is scheduled for completion as outlined in the attached Proposal.

IV. COMPENSATION

For services to be performed by Consultant, the District agrees to pay, and Consultant agrees to accept, compensation in an amount not to exceed the amount described in the attached Proposal. Consultant shall submit invoices for services as specified in the Proposal. The District shall pay such invoices within forty-five (45) days after their receipt. If payment is not made within forty-five (45) days, interest on the unpaid balance will accrue at a rate of one and one-half percent (1.5%) per month compounded monthly.

V. RESPONSIBILITY OF CONSULTANT

Consultant agrees that in undertaking the duties to be performed hereunder, it shall act as an independent consultant for and on behalf of the District. The District shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The District, however, retains the right to require that work performed by Consultant meet specific standards without regard to the manner and means of accomplishment thereof, and Consultant agrees to exercise due professional care to provide work product that is adequate and sufficient to meet the purposes for which that was prepared.

VI. INDEMNIFICATION

Consultant shall, defend, indemnify, and hold harmless District, its directors, officers, employees and agents (the "District Parties") with respect to claims, liability, loss, damage, costs, or expenses, including reasonable attorney's and expert witness fees, awards, fines, penalties, or judgments to the extent arising out of or relating to Consultant's performance under this Agreement (collectively "Claims")., Consultant shall not be obligated under this Agreement to indemnify any one of the District Parties to the extent that the damage is caused by the District Parties' sole negligent acts or omissions or willful misconduct. As respects claim other than professional liability, Consultant shall defend the District Parties as required by California Civil Code Section 2778, and with counsel reasonably acceptable to those parties. Consultant shall have no right to seek reimbursement from the District Parties for the costs of defense.

VII. INSURANCE

Consultant shall procure and maintain insurance during the Term, as may be extended by written amendment, with insurers licensed to do business in the State of California and with a Best's rating of no less than A:VII., for the following minimum insurance coverages.

A. Worker's Compensation insurance and occupational disease insurance, as required by law, and employer's liability insurance, with minimum limits as required by law, covering all workplaces involved in this Agreement. Consultant shall provide an endorsement with a waiver of subrogation.

B. Commercial general liability insurance, including products and completed operations, property damage, bodily injury, personal and advertising injury with limits of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.

C. Automobile Liability insurance covering automobile bodily injury and property damage, including all owned (if any), hired and non-owned autos. If Consultant acquires any owned vehicles, Consultant shall provide insurance as above.

D. All general liability policies shall be endorsed to name the District Parties as additional insureds as to the Services and shall provide that such policy is primary insurance and that any insurance maintained by the District Parties shall not contribute with it.

E. Consultant shall also provide Professional Liability Insurance, with limits of liability in amounts not less than \$1,000,000 per occurrence or claim and \$2,000,000 aggregate, insuring Consultant and its employees against liabilities arising out of or in connection with the negligent acts, errors, or omissions of any of the foregoing in connection with the carrying out of their professional responsibilities for the Project. Consultant shall renew continuous coverage or extend the reporting period, to the extent available, by endorsement or otherwise, for claims two (2) years from the date the Project is substantially complete. Such professional liability policies shall include coverage for liability assumed by the Consultant under this Agreement for losses arising out of Consultant's negligence.

F. Consultant shall provide District with Certificates of Insurance, on forms acceptable to District, or other evidence of insurance acceptable to District, concurrently with execution of this Agreement. The Commercial General Liability, Worker's Compensation, Automobile Liability, and Professional Liability certificates shall provide that there will be no cancellation of coverage without thirty (30) days prior written notice to District, ten (10) days notice for cancellation due to non-payment of premium.

VIII. ASSIGNMENT

This Agreement is binding on the heirs, successors, and assigns of the parties hereto. This Agreement may not be assigned by either the District or Consultant without the prior written consent of the other.

IX. BENEFIT

Except as herein provided, this Agreement shall inure to the benefit of the assigns, heirs, and successors of the parties to this Agreement.

X. TERMINATION

The District may terminate this Agreement for its convenience. Consultant shall be compensated for work performed to the date of termination including a reasonable amount for profit and cost to terminate work.

In the event Consultant shall persistently fail to perform services and work hereunder in a manner satisfactory to the District, this Agreement may, at the District's option, be terminated. Consultant shall be compensated for completed and useful work performed to the date of termination.

XI. JURISDICTION

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that state. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in full force and effect.

XII. ARBITRATION

All claims, disputes, and other matters in question between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof, which are not disposed of by mutual agreement, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. No arbitration arising out of or relating to this Agreement shall include any person not a party to this Agreement except by written consent signed by the parties hereto and persons to be joined. This agreement to arbitrate shall be specifically enforceable under prevailing arbitration law.

Notice of demand for arbitration shall be filed in writing with the other parties to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute, or other matter in question has arisen, but in no event after the date when the institution of legal or equitable proceedings would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final, and judgment may be entered in accordance with applicable law in any court having jurisdiction.

XIII. INTEGRATION

This Agreement represents the entire understanding of the District and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

XIV. SUBCONTRACTS

Except as provided in the Proposal, and otherwise with prior written approval of the District, Consultant shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

XV. COUNTERPARTS

This Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each one shall be deemed an original and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding on and effective regarding all parties. Facsimile and scanned signatures have the same force and effect as original signatures.

XVI. ACKNOWLEDGMENT

By their signatures below, the parties herein acknowledge that they have read and understand the terms of this Agreement, and are authorized to execute this Agreement.

WEST BAY SANITARY DISTRICT,

CONSULTANT

“a special district”

XXXXXXXXXXXXXXXXXX

By _____

By _____

Signature

Signature

Phil Scott, District Manager

Typed Name and Title

Typed Name and Title

APPROVED AS TO FORM

DISTRICT COUNSEL

NOTES

1. Corporation - signature of two (2) officers required, or one (1) officer plus corporate seal
2. Partnership - signature of a partner required
3. Sole Proprietorship - signature of proprietor required
4. Although it may be necessary on occasion to modify or change some of the provisions of this Standard Agreement, those occasions should be rare. Consultants should be strongly encouraged to accept the terms if they wish to do business with the DISTRICT. Any proposed changes should, of course, be cleared through the DISTRICT Counsel.
5. All contracts must be reviewed and approved as to form by the DISTRICT Counsel prior to execution by the DISTRICT.