



Local Agency Formation Commission
for the County of Los Angeles

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www.lalafco.org

Subject: Request for Proposal for Audit Services

Dear Sir or Madam:

The Imperial, Los Angeles, Orange, Riverside, and San Bernardino Local Agency Formation Commissions (LAFCO) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCOs for the fiscal year ending June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024. An option to extend the contract for two additional one-year extensions will be considered for firms preparing a superior response.

LAFCOs are state-mandated local governmental agencies charged with the responsibility of making difficult decisions on proposals for new cities, special districts, spheres of influence, and annexations. Each county in California is required to have a LAFCO. Imperial, Los Angeles, Orange, Riverside and San Bernardino LAFCOs each have a 7 to 9 member commission. Each of the LAFCOs employs between 4 to 8 full-time staff members.

If your firm is interested in being considered for this opportunity, please submit a reproducible digital copy of a proposal, following the instructions described in the attached Request for Proposal (RFP), no later than **October 9, 2020**. If you have any questions regarding the RFP, please do not hesitate to contact me by email at aromo@lalafco.org or by phone at (626) 204-6500.

Sincerely,

Adriana Romo
Deputy Executive Officer
LAFCO for Los Angeles County

Attachment (1)

**IMPERIAL, LOS ANGELES, ORANGE, RIVERSIDE, AND SAN BERNARDINO LOCAL AGENCY
FORMATION COMMISSIONS**

**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES
~2020~**

I. OBJECTIVE

The Imperial, Los Angeles, Orange, Riverside, and San Bernardino Local Agency Formation Commissions (LAFCO) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCO for the fiscal years ending June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024. An option to extend the contract for an additional one year will be considered for firms preparing a superior response. An individual audit report would be prepared for each of the four years – one for Imperial LAFCO, one for Los Angeles LAFCO, one for Orange LAFCO, one for Riverside LAFCO, and one for San Bernardino LAFCO.

II. BACKGROUND

Following the end of World War II, California entered a new era of demographic growth and diversity, and economic development. With this growth came the need for housing, jobs and public services. To provide for these services, California experienced a wave of newly formed cities and special districts, but with little forethought as to how the new agencies should plan for services. The lack of coordination and adequate planning for future governance led to a multitude of overlapping, inefficient jurisdictional and service boundaries.

In 1963, the State Legislature created Local Agency Formation Commissions (LAFCOs) to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a LAFCO. LAFCOs are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

A. LAFCO Commission Composition and Staffing

Imperial, Orange, Riverside, and San Bernardino LAFCO have a similar composition of their commission, consisting of the following: two members are from the respective county's Board of Supervisors; two members are elected officials from cities within each county; two members are elected officials representing special districts located within each county; and one member is selected as a public at-large member. The Los Angeles LAFCO Commission composition consists of the following: two members are from the respective county's Board of Supervisors; two members are elected officials from cities within each county; one member is an elected official from the City of Los Angeles; two members are elected officials representing special districts located within each county; one member is selected as a public at-large member; and one

member is selected to represent the San Fernando Valley. Each LAFCO has a staff comprised of an Executive Officer, Assistant Executive Officer (except for Imperial LAFCO), project managers/analysts and support staff. Each of the LAFCOs employs between 4 to 8 full-time staff members. All five LAFCOs utilize consultant assistance on a limited basis to supplement staff efforts.

B. Funding for LAFCOs

In 2000, the State Legislature signed into a law the Cortese-Knox-Hertzberg Local Government Reorganization Act which provided more independence for LAFCOs and changed the way LAFCOs are funded. Previously, LAFCOs were entirely funded (staffing, facilities, etc.) through their respective counties. Beginning January 1, 2001, State Law requires that LAFCOs be independent of their respective counties, and requires that LAFCO's beneficiaries, the county, cities and special districts, equally share in the funding of LAFCO's budgetary costs.

1. Imperial, Los Angeles, Orange, Riverside, and San Bernardino LAFCO Budgets

Operating budgets for the five LAFCOs range from approximately \$680,000 to \$1.6 million (Using FY 2019-20 Budgets). Funding for LAFCO operations is equally shared by the county, the cities and the independent special districts located in each county. Although the counties contribute one-third of the LAFCO funding, each LAFCO is an independent agency and its budget is not subject to their respective County's approval or oversight. Due to available cost saving opportunities, each LAFCO has entered into various contractual arrangements with their respective county as well as private vendors to provide certain services for LAFCO, including: office facilities, insurance, banking/investment, purchasing, internal auditing and employee benefits. LAFCO also participates in the following retirement systems for pension benefits: Imperial (Imperial County Employees' Retirement System-ICERS), Los Angeles (Los Angeles County Employees' Retirement Association-LACERA), Orange (Orange County Employees' Retirement System-OCERS), Riverside (California Public Employees' Retirement System-CalPERS), and San Bernardino (San Bernardino County Employees' Retirement Association (SBCERA)).

III. CONTRACT SERVICES

A. Contract Work

The contract is described in the *Scope of Work* enclosed with this RFP as Exhibit A. The work includes completion of five individual audit reports for Imperial, Los Angeles, Orange, Riverside, and San Bernardino LAFCO (Participating LAFCOs) for FYs 2020-21, 2021-22, 2022-23, and 2023-24. The audits are to be conducted in accordance with audit standards generally accepted in the United States of America, Government Auditing

Standards, issued by the State Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

IV. COST

Proposers shall complete the Pricing Sheet (Exhibit C) which identifies the total of all charges to complete each Task required under the Contract. LAFCO reserves the right to negotiate the terms, conditions, and prices of the final Contract, in its sole discretion, to achieve the most beneficial work plan and price. LAFCO may limit the negotiation, if any, to one or more responsive and responsible Proposers who receive the highest scores in a preliminary scoring of Proposers in accordance with the evaluation criteria set forth in Section IX.B. (pg. 8). The negotiation with the Proposer(s) will not result in a change in the rating of the Proposer, LAFCO may, at its sole discretion, begin Contract negotiations with the next highest rated Proposer who submitted a Proposal, as determined by LAFCO.

V. PROJECT SCHEDULE

Time is of essence. Proposers shall submit, as part of its Proposal, a timeline with completion dates, which includes time for review by the five participating LAFCOs for the Imperial, Los Angeles, Orange, Riverside, and San Bernardino counties, for each Task (Project Schedule). The final Project Schedule for the contract work may be negotiated with the Proposer prior to an agreement being recommended to each respective Commission for adoption. The enclosed Project Schedule (Exhibit B) must be completed and submitted with the response to this Proposal to be considered complete and responsive. The Project Schedule must identify all Tasks clearly; however it may be modified by Proposers only if needed to include the completion of more detailed subtasks.

VI. PROPOSAL SUBMISSION

A. Acceptance or Rejection of Proposals

The participating LAFCOs: Imperial, Los Angeles, Orange, Riverside, and San Bernardino reserve the right to reject any or all Proposals that are considered nonresponsive. The participating LAFCOs further reserve the right to cancel this Request for Proposals at any time. The participating LAFCOs will not be liable for any costs incurred by any proposers in connection with the preparation and submittal of their Proposal, including where a Proposal is rejected, or the solicitation is cancelled.

B. Altering Solicitation Document

The wording of the solicitation document shall not be changed. Any additions, conditions, limitations, or provisions inserted by the Proposer will render their Proposal irregular and may cause its rejection nonresponsive.

C. Pass/Fall Review: Proposals not meeting all of the requirements listed below may be rejected as nonresponsive:

Submit a Proposal by the deadline. The proposal must be time stamped by LAFCO no later than **Friday, October 9, 2020 at 5:00pm PST** and/or emailed by the deadline. Any Proposal without a LAFCO time stamp or email confirmation verifying that the deadline for submission has been met will be rejected.

Submit a Proposal in the form described in Paragraph D below, including but not limited to the Work Plan, Pricing Sheet, and Project Schedule.

Proposer meets all of the following Minimum Requirements to be considered:

1. The firm's licensing, independence with respect to LAFCO, and results of the most recent peer review.
2. Proposer or the Lead Professional(s) including Partner, Manager, and Senior Auditor assigned to manage the Contract work must demonstrate project oversight responsibilities for at least three audits performed for three different public agencies in the State of California, in the past seven years.
3. For those Proposers that have provided audit services to any of the participating LAFCOs, note that it is our general understanding that the same firm may continue providing audit services to the same public agency, as long as the firm rotates the Partner assigned to the agency, every six consecutive years.
4. Proposer or the Lead Professional(s) assigned to manage the Contract work must demonstrate familiarity with public agency audits, including cities, special districts, and other governments.
5. Prior experience of the engagement team in implementation of GASB pronouncements.
6. Proposer or the Lead Professional managing the Contract work must demonstrate experience presenting to governing bodies at public meetings in the past three years.

D. Proposal Format and Content: The Proposal must contain the following information and be presented in an organized fashion.

- a. A Work Plan that describes how the Proposer will meet the requirements of the Scope of Services (Exhibit A). The Work Plan shall include a staffing plan that clearly identifies the Lead Professional(s) responsible for managing the

Contract work and any additional staff who will be performing the day-to-day work, including subcontractors and the estimated work hours for each. Note that the Work Plan may identify potential time and cost saving measure(s) proposed to complete the work.

- b. Experience – The Proposal must also describe relevant experience and/or familiarity with local governments’ financial statements. The Experience section of the Proposal should describe the Proposer’s history as well as the competencies and resumes of the Lead Professionals, staff and subcontractors, who will be involved in the Contract work. This section of the Proposal should include the following:
 - i. Experience of the firm auditing California agencies;
 - ii. Experience performing governmental financial statements and audits;
 - iii. Familiarity with California Annual Financial Reports (CAFRs);
 - iv. Ability to facilitate and synthesize input from various stakeholders;
 - v. Ability to interpret various budget documents;
 - vi. Ability to interpret various pension documents, including by not limited to Alternative Measurement Methods and Actuarial Valuation Reports;
 - vii. Familiarity with public input processes and experience handling the presentation and dissemination of public information for review and comment;
 - viii. Experience presenting to governing bodies at public meetings.
- c. Subcontracting – LAFCO seeks diverse, broad-based participation in its contracting. Subcontractors, if any, shall be subject to all requirements set forth in the RFP that are applicable to the Contractor. If Subcontractors are to be employed, Proposer must submit a statement of their proposed assignments, qualifications, experience, staffing, and availability.
- d. References – Provide a list of at least three (3) client references, preferable from government agencies. The reference list should include the client’s/agency’s name, address, telephone, email address, and location.
- e. Prior Audits Performed – Provide any relevant website links for audits prepared by the Proposer and Lead Professional(s) (i.e.: Partner, Manager, and Senior Auditor) to include:
 - i. The date and agency the Audited Financial Statements were prepared for;
 - ii. The affected agency and fiscal year financial statements were reviewed;
 - iii. The outcome of the Audited Financial Statements (Firm’s recommendation).

- f. Project Schedule – Proposals shall contain the Project Schedule (Exhibit B), which shows the overall timeline for completion of each work Task.
- g. Cost/Pricing –The Proposal must include a Pricing Sheet (Exhibit C) that lists each firm professional working on the Contract work, the estimated number of work hours corresponding to each professional, and the billable hourly rate.
- h. The Pricing Sheet (Exhibit C), must include all costs required for a complete product, including all administrative costs and out of pocket expenses incurred by the firm, if any (i.e.: mileage, copies, postage, etc.)

VII. Notice to Proposers Regarding the Public Records Act

1. Responses to this solicitation shall become the exclusive property of each respective LAFCO participating in this RFP process. Absent extraordinary circumstances, the recommended Proposer’s Proposal will become a matter of public record, when the Proposer recommendation appears on each respective LAFCO’s agenda. Exceptions to disclosure are those parts or portions of the Proposals that are justifiably defined as business or trade secrets, and plainly marked by the Proposer as “Trade Secret,” “Confidential,” or “Proprietary.”
2. LAFCO shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is required or permitted under the California Public Records Act or otherwise by law. A blanket statement of confidentiality or the marking of each page of the Proposal as confidential shall not be deemed a sufficient of exemption. The Proposers must specifically label only those provisions of their respective Proposal submission may be accepted.

VIII. Conflict of Interest

There shall be no Conflict of Interest with the Contractor firm selected. Proposers warrant and covenant that no official or employee of LAFCO, nor any business entity in which an official of any of the participating LAFCOs has an interest, has been employed or retained to solicit or aid in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact to LAFCO. Proposers will notify LAFCO of any potential conflict of interest regarding or work or third-party contracts.

IX. Submission

QUESTIONS:

Questions to the RFP should be directed to Adriana Romo at aromo@lalafco.org. To ensure a response, questions must be received no later than **Friday, September 25, 2020 (5:00pm PST)**. All questions and responses will be posted to Los Angeles LAFCO’s website at:

Los Angeles LAFCO: <https://lalafco.org/>

SUBMISSION:

Responses to this RFP must be received no later than the date and time specified below. Proposals received after the due date will not be accepted. No additional time will be granted to any Proposer to submit a Proposal unless the time is extended by LAFCO through an addendum to this RFP.

DEADLINE:

On or before **Friday, October 9, 2020 (5:00pm PST).**

NUMBER OF COPIES:

1 complete reproducible copy

EMAIL TO:

Adriana Romo, Deputy Executive Officer, LAFCO for the County of Los Angeles
aromo@lalafco.org

Note: Due to the COVID-19 pandemic as well as state and local guidelines, proposals must be submitted electronically. Please provide a complete reproducible copy by the due date and time. *Cost for the preparation of Proposals shall be borne by the proposers.*

Selection Process

LAFCO reserves the sole right to judge the contents of the Proposals submitted pursuant to this RFP and to review, evaluate and select the successful Proposal(s). Each responsive Proposal will be evaluated and scored by an evaluation committee selected by LAFCO. A final interview may be required. **Final selection by each respective Commission is anticipated by December 14, 2020.**

A. Award of Contract

Subject to the right of each respective Commission to make the ultimate decision concerning the award of contracts, LAFCO intends to award a Contract to the highest-rated Proposer, based on the criteria identified in the following Paragraph B. The Proposal presenting the most qualified firm and at the most reasonable price with all other factors evaluated, will be considered the most viable Proposer. LAFCOs retain the right to select a Proposal other than the Proposal receiving the highest number of points, if the participating LAFCOs determine in their sole discretion, another Proposal is the most qualified, cost-effective, responsive, responsible, and in the best interest of the respective LAFCOs. The recommended awardee shall submit copies of its proof of insurance coverage, within 14 days after Commission approval of the proposed Contract or at least

14 days prior to the proposed Contract's start date, whichever occurs last. Work under the proposed Contract cannot begin before proof of valid insurance coverage is submitted to LAFCO.

B. Evaluation of Proposal

1. LAFCOs in their sole discretion, may elect to waive any error or informalities in the form of a Proposal or any other disparity, if, as a whole, the Proposal substantially complies with the RFP's requirements.
2. LAFCOs may utilize the services of appropriate experts to assist in the evaluation process.
3. **EVALUATION CRITERIA (MAXIMUM 20 POINTS)**
(Rating Scale of 1 to 5, 5 being the highest. Sections i. Cost and iii. Qualifications will represent 80% of the weight of the evaluation criteria. The Project Schedule and Cost will be assigned the remaining 20%, equally).

i. COST (5 POINTS):

The proposed cost in the Pricing Sheet (Exhibit C) should accurately reflect the Proposer's cost of providing the required products and services. The maximum fee for the audit of each LAFCO should be provided in the Pricing Sheet format.

Evaluators may provide higher points based on the following criteria:

- a. Completion of the Pricing Sheet (Exhibit C).
- b. Most economical service.
- c. Potential cost saving alternatives.
- d. Maximum Contract Sum.

ii. WORK PLAN (5 POINTS):

Proposers will be evaluated on the Work Plan submitted. The evaluators may give reduced scores to any Work Plan that omits or fails to sufficiently address any of the items specified Section VI.D. of the RFP (pg. 4), or that fails to clearly identify the Lead Professionals: Partner, Manager, Senior Auditor, and/or subcontractors and the number of estimated work hours for the Lead Professional(s). Evaluation and scoring of the Proposer's Work Plan will be based on the extent to which it demonstrates the Proposer is likely to meet or exceed the performance requirements set forth in Exhibit A, Scope of Services, to demonstrate creativity and innovation that exceed the minimum requirements of the Scopes of Services; to render timely and responsive service to the participating LAFCOs; and to provide a professional level of quality in the services and work product. The

highest scores will be awarded to the most comprehensive and detailed Work Plans that are likely to lead the Proposer to exceed minimum requirements.

The evaluators will award higher scores to Work Plans to commit to specific staffing levels that exceed the requirements of the work. Evaluators may provide higher points based on the following criteria:

- a. Availability of Lead Professional(s) including Partner, Manager, and Senior Auditor as well as other staff, and subcontractors, if any.
- b. Organization of Work Plan and Proposal.
- c. Thoroughness of approach to conducting the audit of LAFCO.
- d. Demonstration of understanding of the objectives and scope of the audit.

iii. QUALIFICATIONS AND EXPERIENCE OF PROPOSER, LEAD PROFESSIONAL(S) AND STAFF (5 POINTS):

Proposers will be evaluated on the Experience submitted as part of their Proposal. The evaluators may give reduced scores to any Proposer that omits or fails to sufficiently address any of these items specified in Section IV.D. (pg. 4) of the RFP. Failure to demonstrate the minimum lengths of experience performing the service, as indicated in the Minimum Requirements, may result in rejection of the Proposal as nonresponsive.

The evaluators may award higher points for the higher quality and quantity of experience of the Proposer, its Lead Professional(s), manager, staff, and subcontractors, if any, in providing the required services. Greater weight will be given to services provided to agencies of similar size and nature. Evaluators may provide higher points base on the following criteria:

- a. The firms' licensing, independence with respect to LAFCO and results of the most recent peer review (mandatory requirement).
- b. Qualifications of key staff, including the Lead Professional (i.e.: Partner, Manager, Senior Auditor) who will serve LAFCO.
- c. Familiarity with the implementation of current General Accounting Standards Boards (GASB) procurements.
- d. Experience preparing audits for local municipalities.
- e. Reference of local government clients. A minimum of three client references was provided. Proposer listing government agencies as references may be rated higher.
- f. Capabilities in general consulting and compliance auditing.
- g. Experience presenting to governing bodies.

iv. PROJECT SCHEDULE (5 POINTS):

Evaluators may provide higher points based on the following criteria:

- a. Completion of Project Schedule (Exhibit B).
- b. Approach, Scope and Timing of the Audit.
- c. Provide sufficient detail to the firm's approach to the LAFCO audit.
- d. Provide sufficient information of firm's understanding of the objective and scope of the engagement.

v. LAFCO Contact

Firms are encouraged to contact Adriana Romo, Deputy Executive Officer, LAFCO for the County of Los Angeles, with any questions relating to this RFP or for copies of the LAFCOs' previous audits. Ms. Romo may be reached most easily by email at aromo@lalafco.org.

vi. LAFCO Information

For general information about each participating LAFCO, refer to the following websites:

Imperial LAFCO: <https://www.iclafco.com/>

Los Angeles LAFCO: <https://lalafco.org/>

Orange LAFCO: <http://oclafco.org/>

Riverside LAFCO: <https://lafco.org/>

San Bernardino LAFCO: <http://www.sbclafco.org/>

EXHIBIT A
SCOPE OF WORK

I. SCOPE OF THE WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

Imperial, Los Angeles, Orange, Riverside, and San Bernardino LAFCO desire its General Purpose Financial Statements (GPFS) to be prepared by Independent Auditors and be fully compliant for GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal years ending June 30, 2021, 2022, 2023, and 2024.

The following is a summary of the scope of the audit of LAFCO for the previous fiscal years:

1. The audit firm will perform an audit of all funds of LAFCO. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The Audit will be in full compliance with GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the agency.
2. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control that are considered to be non-reportable conditions.

Each LAFCO staff will provide normal cooperation and assistance during the audit including the distribution of audit confirmation letter requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. Each LAFCO will have the option to prepare the MD&A and transmittal letters based on a template supplied by the audit firm or have the audit firm prepare the MD&A on behalf of management. The cost of the word processing the MD&A shall be included in the cost proposal. The format of supporting documents provided by LAFCO is at the discretion of each LAFCO. All other information and financial statements are the responsibility of the audit firm.

All working papers and reports are to be retained at the auditors' expense for a minimum of three years. The audit firm will be responsible for making working papers available to each LAFCO or any other appropriate government agency.

II. TIMETABLE OF DELIVERABLE REPORTS

The audit firm shall be responsible for the preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Deadline</u>
General Purpose Financial Statements (GPFS)	1 photo ready	By January 24 th of every year

A draft copy of each financial statement should be delivered to the LAFCO Executive Officer for review approximately 21 days prior to the deadlines noted above. Deadlines for delivery of draft and final financials statements may vary for each LAFCO referenced in this request for proposal and would be specified in the contract between the firm selected and each LAFCO.

This information should be included in Exhibit B, Project Schedule.

III. TIMETABLE OF AUDIT WORK TO BE PERFORMED

It is expected that LAFCO's books will be closed and ready for audit between August 1-November 1 of each year depending on practices of each LAFCO for that year. The audit fieldwork should begin no earlier than the date of the closing of the books and be complete in time to meet the January 24 deadline of each year. At the discretion of each LAFCO, the appropriate staff from the audit firm may be requested to present audit report to the Commission during a public meeting.

A few of the participating LAFCOs have the same meeting schedule. Please describe your best approach to address the time conflict.

IV. PROPOSAL CONTENT REQUIREMENTS

The following material is requested to be received by the proposal due date or the firm will not be considered:

- 1. Title Page** - The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and firm's Federal Identification Number.
- 2. Cover Letter** - The cover letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work in the required time frame and statements as to why the firm believes it is best qualified to perform the engagement. The cover letter should also make a statement that the firm's offer is a firm, irrevocable offer for 60 days. The cover letter should indicate whether the firm is independent with respect to LAFCO and that the firm is an Equal Opportunity Employer.
- 3. Table of Contents**

4. Proposer's Qualifications - The audit firm should set forth the following:

- A. Qualifications and Related Experience of the Personnel Who Will Serve LAFCO** - Resumes of the Partner, Manager and Senior Auditor should be included. Resumes should include all relevant experience, education and CPA licenses and continuing education of the individuals over the past 3 years.
- B. Prior Experience Auditing Cities, Independent Special Districts and Other Local Governments** - Sufficient information should be provided regarding current local government audit clients, and date that the client has been served. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
- C. Assistance in Implementation of GASB No. 34 and Other GASB Pronouncements** - Set forth your understanding of this accounting pronouncement and provide information on clients that you have assisted to date in implementing GASB No. 34 and other GASB Pronouncements.
- D. References of Local Government Clients** - Provide a listing of at least five municipal clients for which the firm's local office serves.
- E. Capabilities in General Consulting and Compliance Auditing** - Provide any other information regarding general consulting and special audits provided by the firm.

5. Approach, Scope and Timing of the Audit

- A. Provide in sufficient detail the firm's approach to LAFCO's audit**, including procedures to be performed, tasks to be accomplished under GASB No. 34 and other GASB pronouncements, tasks required as a part of the A-133 single audit, extent to which statistical sampling is to be used in the engagement, type and extent of use of software in the audit engagement, analytical procedures that may be used, the approach to be taken to gain and document an understanding of LAFCO's internal control structure, the approach to be taken in drawing audit samples for purposes of compliance testing, the consideration of laws and regulations, assistance required from LAFCO staff and proposed segmentation of the audit. Segmentation of the audit should include breakdown of hours required to perform the audit by classification and in total for the planning and interim, GASB #34 and other GASB pronouncements implementation, final audit procedures including CAFR and reports preparation.
- B. Provide sufficient information of your firm's understanding of the Objectives and Scope of the Engagement** - Specifics should be provided of the auditing standards to be followed and reports to be issued by the audit firm.

6. Hourly Rates

Hourly Rates of the Firm's Employees should be provided by the firm for services which may be requested outside the scope of the audits in Exhibit C, Pricing Sheet.

7. Maximum Fee

The maximum fee for the audit of each LAFCO should be provided in the Pricing Sheet format. The fees should be inclusive of any out of pocket expenses incurred by the audit firm. 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, reasons for the additional services together with the firm's estimate of costs, as a statement that no work will be performed without advance approval by each individual LAFCO. Any and all additional work as agreed to in advance by LAFCO shall be compensated at the same rate quoted in the schedule submitted in the proposal.

8. Other Information Required in Proposal

The Auditing Firm shall provide a copy of its most recent Peer Review together with the California Society of CPA's acceptance of such peer review. The auditing firm shall make a positive statement that it has the required insurance policies in force in amounts of coverage for not less than \$1,000,000 per occurrence or accident for each of the following: Professional Liability (Errors & Omissions), Workers Compensation and Employer's Liability, Comprehensive General Liability and Bodily Injury Insurance, and Automobile Liability (Owned and Non-Owned) and Property Damage Insurance. Prior to any commencement of audit services, the auditor will be required to provide certificates of insurance coverage to LAFCO.

The auditing firm shall make a positive statement that it will not delegate or subcontract its responsibilities without prior written consent of LAFCO.

**EXHIBIT B
PROJECT SCHEDULE**

IMPERIAL

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

LOS ANGELES

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

ORANGE

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

RIVERSIDE

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

SAN BERNARDINO

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	
Kickoff Meeting	Intro. Firm staff to LAFCO	
Management Engagement Letters	Made available to LAFCO Staff	
PBC List Distribution	Made available to LAFCO Staff	
Fieldwork	On-site/Remote	
Draft Audit for Staff		
Auditor revising document		
Final Audit for Commission		
Commission Meeting		

***Include any additional tasks, as you feel appropriate and necessary.
These schedules are subject to negotiation with each respective LAFCO.**

**EXHIBIT C
PRICING SHEET**

LAFCO	Description of Services	Estimated Hours	Year Ended June 30				1-yr option to extend
			2021	2022	2023	2024	
<u>1. Imperial</u>	Audit of LAFCO, including the implementation of the GASB pronouncements and ongoing audit procedures of GASB, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
<u>2. Los Angeles</u>	Audit of LAFCO, including the implementation of the GASB pronouncements and ongoing audit procedures of GASB, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
<u>3. Orange</u>	Audit of LAFCO, including the implementation of the GASB pronouncements and ongoing audit procedures of GASB, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							

LAFCO	Description of Services	Estimated Hours	Year Ended June 30				1-yr option to extend
			2021	2022	2023	2024	
4. Riverside	Audit of LAFCO, including the implementation of the GASB pronouncements and ongoing audit procedures of GASB, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							
5. San Bernardino	Audit of LAFCO, including the implementation of the GASB pronouncements and ongoing audit procedures of GASB, audit preparation and management letter.						
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.						
Maximum Not to Exceed Amount							

Hourly Rates:

Classification	Hourly Rate	Estimated No. of Hours
Partner		
Manager		
Senior Auditor		
Senior Accountant		
Staff Accountant		