



MONTEREY PENINSULA REGIONAL PARK DISTRICT
P.O. BOX 223340, CARMEL, CA 93922

Or

If delivering in person or via FED EX / UPS
4860 Carmel Valley Rd., Carmel, CA 93923

And

Email: mccullough@mprpd.org

REQUEST FOR PROPOSAL

Professional Auditing Services

Proposals must be received by MPRPD no later than 2:00 PM (PST) on
Friday, May 15, 2020
Late proposals will not be accepted.

Proposal Package

Proposal Package Contents:

- 1. Cover Sheet (1 page)**
- 2. Cover Letter (1 pages)**
- 3. Information to Respondents (12 pages)**
- 4. Proposal Data Sheet (2 pages)**
- 5. Sample District Contract (14 pages)**

Monterey Peninsula Regional Park District

P.O. Box 223340 • Carmel, California 93922 | 4860 Carmel Valley Road • Carmel, CA 93923



BOARD OF DIRECTORS

Kelly Sorenson – Ward 1

ksorenson@mprpd.org
Marina, northern Ft. Ord

Shane Anderson – Ward 2

shanea@mprpd.org
Seaside, northern Sand City,
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kraskoff@mprpd.org
Monterey, southwest Seaside,
southern Sand City, Del Rey Oaks

Kathleen Lee – Ward 4

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Pacific Grove, New Monterey,
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Monta Potter – Ward 5

mpotter@mprpd.org
Carmel, Carmel Valley,
Big Sur, southern Pebble Beach

GENERAL MANAGER

Rafael Payan, PhD
payan@mprpd.org

April 30, 2020

REQUEST FOR PROPOSALS FOR AUDITING SERVICES

The Monterey Peninsula Regional Park District is requesting proposals from qualified firms of certified public accountants to provide independent auditing services for the District. The term of the agreement to provide auditing services will be for one (1) year, the fiscal year ending June 30, 2020, with the option to extend the agreement for four (4) additional one-year periods. These audits are to be performed in accordance with generally accepted auditing standards in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

Enclosed for your consideration is a Request for Proposals (RFP). Any inquiries about the RFP should be addressed to Kelly McCullough, Finance Manager at (831) 372-3196 ext. 103, or mccullough@mprpd.org. The District's most recent audited financial statements are available on the District's website at <https://www.mprpd.org/financials>.

Three (3) copies of your firm's formal proposal conforming to the District's requirements should be submitted to Kelly McCullough, Finance Manager, P.O. Box 223340, Carmel, CA 93922 by mail, or 4860 Carmel Valley Road, Carmel, CA 93923 in person or via UPS/FED EX, and must be received in this office by Friday, May 15, 2020 at 2:00 p.m, PST. In addition, due to COVID-19, please email your proposal to mccullough@mprpd.org. Proposals received after this date and time will not be considered, and shall be returned to sender, unopened.

Sincerely,

Rafael Payan, PhD
General Manager

I. INTRODUCTION:

A. General Information

The Monterey Peninsula Regional Park District (District) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for the year ending June 30, 2020, with the option of extending the contract for four (4) additional one-year periods. The proposal package shall present all-inclusive audit fees for each year of the contract term. 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.

To be considered, please submit three (3) copies of your proposal by 2:00 p.m. (PST) on Friday, May 15, 2020 to:

Monterey Peninsula Regional Park District
Attn: Kelly McCullough, Finance Manager
P.O. Box 223340
Carmel, CA 93922

For personal delivery by FED EX/UPS or firm personnel:
4860 Carmel Valley Road,
Carmel, CA 93923

Also, due to COVID-19, please submit a email copy to mccullough@mprpd.org

The outside of the envelope must identify the RFP subject (Annual Audit) and the name of the firm. Proposals must be valid for a minimum of 90 days.

Inquiries concerning the RFP should be addressed to Kelly McCullough, Finance Manager, at (831) 372-3196 ext. 103 or mccullough@mprpd.org. A copy of the District's most recent audited financial statements is available on the District's website at <https://www.mprpd.org/financials>.

Proposals submitted will be evaluated by the General Manager, Administrative Services Manager and Finance Manager. 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 at the District's discretion may be requested via ZOOM, by any one or all firms. Oral presentations may be requested the week of May 18, 2020. It is anticipated that recommendation of the auditing firm selection will be presented to the Board of Directors at the Wednesday, June 3, 2020 meeting. Following notification of the selected firm, it is expected a Professional Services Agreement will be executed between both parties by the middle of June 2020.

II. DESCRIPTION OF THE MONTEREY PENINSULA REGIONAL PARK DISTRICT

A. Background Information

The District was created in 1972 by a local voter initiative. The District operates under Sections 5500-5595 of the Public Resources Code of the State of California for the purpose of acquiring park, recreation and open space land; and the development, operation and maintenance of these lands. The District has acquired or helped to acquire a total of 24 parks and open spaces, and covers more than 20,000 acres within Monterey County. The District has accomplished these successes with funding from a half percent allocation of the property tax collected within the District. For every \$100,000 of property value, the District receives approximately \$5.00 for open space acquisition and operations. Also, the District has been extremely successful in obtaining grants from state and federal sources that have nearly matched every local dollar received.

In 2004, property owners within the Monterey Peninsula Regional Park District approved by ballot a Parks, Open Space and Coastal Preservation District (Assessment District). The Assessment District was established pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets, and Highway Code, and Article XIID of the California Constitution. This funding measure expired June 2019. Final disbursements are still being received in FY 2019-20.

In 2016, property owners voted to replace the expiring Assessment District with the Parks, Open Space and Coastal Preservation Community Facilities District (CFD). The District first began receiving revenue related to this measure in FY 2019-20.

The District's 2019-2020 adopted operating budget totals \$10,933,105, of which \$3,400,000 is for Assessment District remainder funds in reserve. Fifty-four percent (54%) of the District's revenue is property tax. The remaining Forty-six percent (46%) is comprised of Grants, Assessments, Fees and other miscellaneous revenue.

The District is divided into 5 geographic wards, each represented for a four-year term by an elected Board member. The Board holds public meetings on the first Wednesday of each month at the Palo Corona Regional Park District Discovery Center.

More detailed information on the District and its finances can be found in the District's 2019-20 budget and the 2019 Basic Financial Statements, both of which are located on the District's website at <https://www.mprpd.org/financials>.

The staff currently consists of about 13 full-time and 3 part-time employees in four departments: Administration, Environmental Education, Planning & Conservation, and Operations. The Administrative Services Team consists of three employees and includes internal audit, budget, general ledger, accounts payable and payroll. The District uses QuickBooks Pro version 2020 for its accounting, payroll, human resource and budgeting applications. The District uses a remote accounting firm to assist with accounting maintenance, and third-party reviews. Investments are held with LAIF and Cal Trust. The District maintains banking relations with a local bank.

B. Prior Auditors

White Nelson Diehl Evans served as District auditor for the last five-year period following an RFP in March 2015.

III. NATURE OF SERVICES REQUIRED

A. Scope of Work

The selected auditor will be required to complete the following tasks in relationship to the Basic Financial Statements:

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*.
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 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.
6. Present and discuss annual financial statement and results of operations to the Board of Directors during the November meeting or other date as requested.
7. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the General Manager; Finance Manager; and the Board.
8. Retain at auditors expense audit working papers for a minimum of seven (7) years following completion of the contract period, 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.
9. 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 2020 and each subsequent year.
10. MPRPD does not anticipate the need for a single audit on the expenditures of federal grants during the contract term. If single audit becomes necessary, District will amend the contract with the selected auditor for the additional work.
11. Provide general consultation as required, during the year, on financial reporting matters.

IV. TIMING AND OTHER REQUIREMENTS

1. Key Dates for Proposal Evaluation and Selection:

- | | |
|-----------------------------|---|
| a. Thursday, April 30, 2020 | RFP issued |
| b. Friday, May 15, 2020 | Proposals due by 2:00PM |
| c. Week of May 17, 2020 | Oral Presentation (if requested) |
| d. Wednesday, June 3, 2020 | Board of Directors approval of proposal |
| e. Mid-June, 2020 | Expected signing of Contract |

2. Project Schedule for Fiscal Year 2019 – 2020 Audit (Year ending June 30)

1. The auditor shall provide the District with an audit plan, including a list of schedules and other work requested, no later than June 30, 2020.
2. Depending on the type and extent of interim audit procedures, the District expects to have all records, Prepared by Client lists and schedules ready for the audit field work by the end of September, 2020 and would expect field work to commence no later than early to mid-October, 2020.
3. 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 20, 2020.
4. A draft of the management letter shall also be provided by October 20, 2020. District staff shall have the opportunity to discuss and comment upon any findings and recommendations prior to issuance.
5. Draft Financial Statements will be presented by auditor to the Board of Directors at the November 4, 2020 meeting or other date determined by the District. The Report to the Board of Directors and Management is required to be submitted to the District by October 20, 2020 to enable management to respond and present the Report with management's responses to the Board of Directors. The Draft Financial Statements in PDF format, via email, will be provided by auditor.
6. Final copies of the audited financial statements shall be issued no later than December 31, 2020. The final version of the management letter shall be issued by December 31, 2020. Ten 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 via email.

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

3. **Assistance Provided to the Auditor**

Administrative Services 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 access and copy machine. Report preparation, editing, printing, tabbing, and binding shall be the responsibility of the auditor:

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; and,
- 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 specified,
- 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 substance of proposals will carry more weight than their form or manner of presentation. 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. 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 Monterey Peninsula Regional 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

See attached sample of District contract and insurance requirements. State the firm's ability or inability to comply with District insurance requirements.

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, 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.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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 (ie., 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:

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

b) expectations of District staff:

1. 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:

1. What is the anticipated length of field work for interim and year end work?
2. 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?

d) planned number of hours on the engagement for each level of auditing staff.

e) sample size and the extent to which statistical sampling is to be used in the engagement.

f) type and extent of use of software in the engagement.

g) type and extent of analytical procedures to be used in the engagement.

h) approach to be taken to gain and document an understanding of the District's internal control structure.

i) approach to be taken in determining laws and regulations that will be subject to audit test work.

j) approach to be taken in drawing audit samples for purposes of tests of compliance.

8. 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.

9. References

Please provide the name of all cities, counties and special districts for which the firm has audited basic financial statements during the past five (5) years. These

engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partner, and total hours.

Please include reference contact information for at least three of these agencies, 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 example. (Available in electronic form if requested).

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. 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 2019-2020 engagement and for each of the following four years. Indicate how additional year's fees would be calculated if the contract is extended. 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.

2. Technical Quality:

a. Expertise and Experience

- i. The firm has 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.
- iii. In addition, special consideration will be given to firms submitting a copy of their most recent external quality control review report and the firm that has a record of quality work.

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.

3. Price

- a. Evaluation of the maximum fee to conduct the audit. Price will not be the primary factor in selection of an audit firm.