



Regional Government Services Authority

REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

RFP Issue Date: February 21, 2025

RFP Due Date: April 11, 2025

Table of Contents

- I. INTRODUCTION
 - A. General Information
 - B. Terms of Engagement
 - C. Schedule of Proposed Activities

- II. NATURE OF SERVICES REQUIRED
 - A. Scope of Work to be Performed
 - B. Auditing Standards to be Followed
 - C. Reports to be Issued
 - D. Working Paper Retention and Access to Working Papers

- III. DESCRIPTION OF GOVERNMENT
 - A. Contract Persons
 - B. Background Information
 - C. Services Provided
 - D. Accounting and Fund Information
 - E. Federal and State Financial Assistance
 - F. Retirement Plans
 - G. Component Units
 - H. Finance Operations
 - I. Availability of Prior Audit Reports

- IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION
 - A. Finance Department and Clerical Assistance
 - B. Remote Work Environment

C. Report Preparation

V. PROPOSAL REQUIREMENTS

A. Submission of Proposal

1. Title Page
2. Table of Contents
3. Transmittal Letter
4. Detailed Proposal

B. Technical Proposal

1. General Requirements
2. Independence
3. License to Practice in California
4. Firm Qualifications and Experience
5. Partner, Supervisory and Staff Qualifications and Experience
6. Similar Engagements with Other Government Entities
7. Specific Audit Approach
8. Identification of Anticipated Potential Audit Problems
9. Technical Compliance
10. Report Format

C. Dollar Cost Bid

1. Total All-inclusive Maximum Price
2. Rates by Partner, Specialist, Supervisory and Staff, Times the Hours Anticipated for Each
3. Rates for Additional Professional Services
4. Manner of Payment

VI. EVALUATION PROCEDURES

- A. Review of Proposals
- B. Evaluation Criteria
- C. Possible Oral Presentations
- D. Final Selection
- E. Right to Reject Proposals

APPENDIX A

Affirmation and Total All Inclusive Maximum Price

APPENDIX B

Supporting schedule for Total All Inclusive Price

Regional Government Services Authority (RGS)

REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

The Regional Government Services Authority (RGS) Joint Powers Authority “the Authority” is requesting proposals from qualified firms of certified public accountants to audit the annual financial statements for the fiscal years ending June 30, 2026 through June 30, 2028, with the option for the Authority’s Boards of Directors to extend the agreement for up to two additional fiscal years, through the year ending June 2030.

The audit is to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in Governmental Auditing Standards (1994) issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

There is no express or implied obligation for the Authority’s to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The Authority reserves the right to reject any and all proposals submitted. The Authority reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Review Committee, consisting of staff and up to two board members, firms submitting proposals may be requested to make a presentation as part of the evaluation process via video conferencing.

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 agreement between the Authority’s and the firm selected.

B. Terms of Engagement

A three-year contract is contemplated: with the option to extend for two option (1) year extensions, subject to annual review and recommendation of the Executive Director, satisfactory negotiation of terms (including a price mutually acceptable to the Authority and the selected firm).

C. Schedule of Proposed Activities

The Authority will use the following schedule:

The deadline to submit proposals is Friday April 11, 2025

RFP issued	Friday, February 21, 2025
Submission of Written RFP Questions	Friday, March 21, 2025
Release of Summary of Questions/Answers	Friday, March 28, 2025
Proposals due	Friday, April 11, 2025
Review Committee Selection of Proposal	April/May 2025
Board Approval	May 8, 2025
Formal Notification to Proposers	May 2025

For a firm to be considered, the Authority must receive their proposal in PDF format, via e-mail by **Friday, April 11, 2025**, to Clerk of the Board Tiffany Buraglio at TBuraglio@rgs.ca.gov. Subject Line: Proposal for Professional Audit Services.

It is anticipated that the selection of a firm and approval by the Authority will be completed at the May Board Meeting on May 8, 2025. Following notification of the selected firm, it is expected a contract shall be executed between both parties within 15 working days.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The Authority desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

B. Auditing Standards to be Followed

To meet requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

C. Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

- A report on the fair presentation of the financial statements of the Authority's in conformity with generally accepted accounting principles;
- A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk;
- A report on compliance with applicable laws and regulations;
- An "in-relation-to" report on the schedule of federal financial assistance, if applicable;
- A report on the internal control structure used in administering federal financial assistance programs, if applicable;
- A report on compliance with general and specific requirements related to major and non-major federal financial assistance programs, if applicable

The auditor shall provide one electronic copy of the financial statements including supplementary information.

Upon completion of the audit examination and prior to issuing any audit reports or the management letter, the auditor may participate in an exit conference with the Executive Director, members of the Review Committee, and other staff designated to discuss observations and findings. During the course of the engagement, the auditor shall meet with and provide periodic status reports to the Executive Director or his designee on a regular basis.

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Authority of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designee:

- Member and Client Agencies of the Authority
- Auditors of Grants or Assistance programs for which the Authority may meet the criteria of a subrecipient
- State of California, Office of the State Controller

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF GOVERNMENT

A. Contact Persons

The auditor's principal management contact with the Authority's shall be Sophia Selivanoff, Executive Director/CFO, SSelivanoff@rgs.ca.gov or a designated representative, who will coordinate the assistance provided by the Authority to the auditor. The auditor's principal

governing body contact with the Authority shall be the Board of Directors.

Questions about this RFP shall be submitted, in writing, to Lindsay Rice, Accounting Manager, at LRice@rgs.ca.gov on or before March 21, 2025. Questions will be answered via e-mail within 5 business days. Additionally, on March 28, 2025, a summary of questions and answers (Q&A) will be provided to each firm who submits questions as well as those who request a summary of the Q&A. The RFP will be posted on the RGS website.

B. Background Information

RGS is a Joint Powers Authority. Policies are set by the Board of Directors and implemented by the Executive Director. The RGS mission is to provide services to California Public Agencies. Currently, the Authority serves over 100 California public agencies, and the Authority currently has 207 employees with a total projected 2023-2024 Payroll and Benefits expense of approximately \$18 million. The last Audit report issued is for the 2023-24 fiscal year.

C. Services Provided

RGS provide the following services to public agencies:

- Consulting (Interim, Project, and Long-Term)
The Authority's Service Lines are: Economic Development, Finance, Human Resources, Organizational Development, Planning, Project Management, Staff Development & Training, Transparent Government, Communications & Engagement, and Payroll Services.
- Pooled benefits programs

D. Accounting and Fund Information

The Authority uses the following fund types and account groups in their financial reporting:

- Fund type/Account Group Enterprise (Proprietary Fund Type)
- Number of Funds One

E. Federal and State Financial Assistance

RGS is fully funded on a fee for service basis and receives no direct Federal or State Assistance. Some client agencies may receive Federal and State Assistance which may fully or partially fund the Authority's activities. The auditor may examine whether the Authority's meet the criteria of subrecipient through our activities and report accordingly.

F. Retirement Plans

Regional Government Services participates in a defined contribution qualified retirement plan, with the employer contributing 10 percent of regular, on-going salary to the employee's 401(a) account. Individual employment agreements may stipulate additional matching contributions.

G. Component Units

There are no component units.

H. Finance Operations

Functions performed by Staff include client agency billing and collections, accounts receivable/payable, payroll (APS), general ledger, financial reporting and audit support.

The Authority's accounting system has been maintained on QuickBooks accounting software. For the 2025-2026 fiscal year, the accounting system will be in Deltek Vantagepoint ERP system. Payroll processing is outsourced to a vendor who provides direct deposit and tax filings. RGS issues roughly 125 invoices per month, most benefits payments are made electronically, with 30 AP transactions per month, mostly via ACH and the payroll journal entries are all imported via file feed from the payroll system.

I. Availability of Prior Audit Reports

Prior years' audit reports are available at <https://rgs.ca.gov>

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

Accounting staff and responsible management personnel will be available during the audit to assist the auditor by providing information, documentation and explanations.

B. Remote Work Environment

The Authority is a virtual organization and as such have no facilities to support field work. All documents will be provided electronically, and work will be performed remotely.

C. Report Preparation

The Authority's Finance staff will also be responsible for the posting of any auditor adjusting entries or changes to the financial statements.

V. PROPOSAL REQUIREMENTS

A. Submission of Proposal

The following material is required to be received by **Friday, April 11, 2025** for a firm to be considered:

The Technical Proposal, to include the following:

1. Title Page

Title page showing the request for proposal's subject, the firm's name, address and telephone number of the contact person and the date of the proposal.

2. Table of Contents

3. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement as to why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

4. Detailed Proposal

The detailed proposal shall follow the order set forth below in **Section V.B. - Technical Proposal** of this request. The proposer shall submit a PDF of a Dollar Cost Bid as set forth in **Section V.C. - Dollar Cost Bid**.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competency, and capacity of the firm seeking to undertake an independent audit of the Authority's in conformity with the requirements of the request. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The Technical Proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the request for proposal requirements.

There shall be no dollar units or total costs included in the Technical Proposal Document.

The Technical Proposal shall address all the points outlined in the request for proposals. The proposal shall be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items 2 through 9 below, must be included. They represent the criteria against which the proposal will be judged.

2. Independence

The firm shall provide an affirmative statement that it is independent of RGS, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing standards*.

3. License to Practice in California

An affirmative statement shall be included stating the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California.

4. Firm Qualifications and Experience

The proposal shall state the size of the firm; the size of the firm's governmental audit staff; the location of the office from which this engagement is to be performed; 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.

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

The firm shall submit a copy of the report of its most recent external quality control review, with a statement as to whether that quality control review included a review of specific governmental audit engagements.

The firm shall also provide information on the results of any Federal or State of California desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years by state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is (registered/licensed) to practice in the field and provide information on the government auditing experience of each person, 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 firm shall provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality and continuity of staff assigned over the term of the agreement will be assured.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Authority's, which retains the right to approve or reject replacement.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially equal or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements shall be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology they shall follow to perform the services required in **Section II** of this request for proposals. In developing the work plan, reference shall be made to such sources of information as the Authority's budget, financial related materials and management information systems.

Proposers are expected to provide the following information on their audit approach:

- i. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- ii. Sample sizes and the extent to which statistical sampling is to be used in the engagement;
- iii. Approach to be taken to gain and document an understanding of the Authority's' internal control structure;
- iv. Approach to be taken in determining laws and regulations that will be subject to audit test work;
- v. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The proposal shall identify and describe anticipated potential audit problems, if any, the firm's approach to resolving these problems and any special assistance that will be requested from the Authority.

9. Technical Compliance

The proposal should provide insight into auditor's experience to assist in addressing future GASB pronouncements.

10. Report Format

The proposal shall include sample formats for required reports.

C. Dollar Cost Bid

1. Total All-inclusive Maximum Price.

The dollar cost bid shall contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses (Appendix A).

The Authority will not be responsible for the expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs shall not be included in the proposal.

The first page (Appendix A) of the dollar cost bid shall include the following information:

- i. Name of Firm;
- ii. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the Authority;
- iii. A Total All-inclusive Maximum Price for each fiscal year of the engagement.

2. Rates by Partner, Specialist, Supervisory and Staff; Times the Hours Anticipated for Each.

The second page (Appendix B) of the dollar cost bid shall include a schedule of professional fees and expenses, presented in the format provided in the attachment, that supports the Total All-inclusive Maximum Price.

3. Rates for Additional Professional Services

If it should become necessary for the Authority to request the auditor to render any additional services, either to supplement the services requested in this request for proposals or to perform additional work, then such additional work shall be performed only if set forth in an addendum to the contract between Authority and the firm. Any such additional work agreed to between the Authority and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

VI. EVALUATION PROCEDURES

A. Review of Proposals

The Review Committee will use a point formula during the review process to score proposals. Every member will score each technical proposal matching the criteria described in Section VI B below. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Proportionate fractional scores will be assigned to other proposers.

The Authority's reserve the right to retain all proposals submitted and use any idea contained therein.

B. Evaluation Criteria

Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

Mandatory Elements

- The audit firm shall be independent and licensed to practice in California
- The audit firm's professional personnel shall have received adequate continuing professional education within the preceding two years
- The firm shall have no conflict of interest with regard to any other work performed by the firm for the Authority
- The firm shall submit a copy of its most recent external quality control review report and the firm has a record of quality audit work
- The firm shall adhere to the instructions in this request for proposals on preparing and submitting the proposal

Technical Qualifications/Expertise and Experience/Audit Approach

- The firm's past experience and performance on comparable government engagements

- The quality of the firm’s professional personnel to be assigned to the engagement
- Adequacy of proposed staffing plan for various segments of the engagement
- Adequacy of sampling techniques
- Adequacy of analytical procedures

Price: THOUGH COST IS AN IMPORTANT FACTOR, IT IS NOT THE MOST IMPORTANT CONSIDERATION.

C. Possible Oral Presentations

During the review process, the Review Committee may, at its discretion, request any one or all firms to make a presentation by video conference. Such a presentation will provide firms with an opportunity to answer any questions the Review Committee may have about a firm’s proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

It is anticipated that a firm will be chosen on or before May 1, 2025 and confirmed at the May Board Meeting on May 8, 2025. Following notification of the firm selected, it is expected a contract will be executed within 15 working days.

E. Right to Reject Proposals

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 Authority’s and the firm selected. The Authority’s reserve the right without prejudice to reject any or all proposals.

Appendix A

DOLLAR COST BID

Name of Firm: _____

Address: _____

City, State, Zip: _____

Contact Name: _____

Contact Telephone Number(s): _____

Contact Email Address: _____

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with Regional Government Services on behalf of the above-named firm.

Signature Title Date

Name (print)

Total All-inclusive Maximum Price for 2025-2026 Audit \$ _____

Total All-inclusive Maximum Price for 2026-2027 Audit \$ _____

Total All-inclusive Maximum Price for 2027-2028 Audit \$ _____

Appendix B

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE
RGS FY2025-2026 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rate	Quoted Hourly Rate	Total
Partners		\$	\$	\$
Managers		\$	\$	\$
Supervisory Staff		\$	\$	\$
Staff		\$	\$	\$
Other (Specify)		\$	\$	\$
<i>Subtotal</i>				<i>\$</i>
Out-of-Pocket Expenses:				
Meals & Lodging				\$
Transportation				\$
Other (Specify)				\$
Total for Services Described in Section II of the RFP				<u>\$</u>
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE RGS 2025-26 AUDIT				<u><u>\$</u></u>

Note: The rate quoted should *not* be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.