



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

April 8, 2009

Request for Quotes # 2009-021

Audit for Fiscal Year 2009-2010

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SECTION I – SUMMARY

The Bay Area Air Quality Management District (“District”) is the regional governmental agency responsible for the control of air pollution from stationary sources in the Bay Area Air Basin, which encompasses the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, the western half of Solano, and the southern half of Sonoma. The District is governed by a twenty-three (23) member Board of Directors as established in California Health and Safety Code Sections 40220, *et seq.* The Board of Directors includes representatives from all the counties within the District’s jurisdiction. The Air Pollution Control Officer (Chief Executive Officer), District Legal Counsel and the Clerk of the Board are appointed by the Board of Directors. All other employees serve under the authority of the Air Pollution Control Officer, a position currently held by Jack Broadbent.

The District is also the program administrator for Transportation Fund for Clean Air (TFCA) funds derived from Assembly Bill 434 (AB434). TFCA funding comes from a \$4 surcharge on motor vehicles registered within the District’s jurisdiction. TFCA funding may be used only to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the 1994 Clean Air Plan. All projects must fall within the categories listed in California Health and Safety Code Section 44241.

The Deputy Air Pollution Control Officer is the Chief Financial Officer of the District and the Finance Manager supervises the activities of the Finance Department under his direction. The Finance Department administers the District’s financial activities for the General Ledger, Accounts Payable, Accounts Receivable, Budgeting and Treasury Management. The Finance Department is responsible for ensuring the compliance of District operations with best business practices and generally accepted standards of internal control. The Finance Department is comprised of the following staff members:

Finance Manager (1)

Principal Accountant (1)

Accountants (2)

Accounting Assistants (3)

Administrative Analyst (1)

The District's fund structure includes the General Fund and one Special Revenue Fund. The Special Revenue Fund contains subprograms that account for specific District activities. The District has no proprietary or fiduciary funds. The District's financial statements for fiscal year 2007-08 were prepared in conformance with GASB 34 and were audited by Maze and Associates, Certified Public Accountants. We are soliciting proposals at this time as per District policy. The District uses J.D. Edwards software to process and account for its financial activity.

To respond to this RFQ, an interested company should submit an electronic (PDF) copy of its proposal to:

Rebekah Davies, Purchasing Agent
rdavies@baaqmd.gov
Bay Area Air Quality Management District
939 Ellis Street San Francisco, CA 94109

Proposals must be received electronically at the Air District offices at 939 Ellis Street, San Francisco, California, 94109 by 4:30 PM on April 22, 2009. Late proposals will not be considered.

Proposals must address all information requested in this RFQ. A proposal may add information not requested in this RFQ, but the information should be in addition to, not instead of, the requested information and format. Minority business enterprises, women's business enterprises, and Certified Green Businesses are encouraged to submit proposals. **Any questions regarding this RFQ should be directed to Linda Serdahl at voice: (415) 749-4673 or email: lserdahl@baaqmd.gov.**

SECTION II – BACKGROUND

A. Audit Fiscal Year 2008-2009

The District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for fiscal year 2008-09. The audit is to be performed in accordance with generally accepted auditing standards; the standards set forth for financial and compliance audits in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions; the provisions of the Single Audit Act of 1984, as amended in 1996; U.S. Office of Management and Budget (OMB) Circular A-133; and Governmental Accounting Standards Board (GASB) Pronouncements. The District may choose to extend this audit engagement for an additional two years at its discretion.

The selected firm will issue and deliver the following:

1. Preliminary draft reports in accordance with the following production schedule:

Preliminary draft audit reports on the basic financial statements, the Single Audit, and the Management Letter due by November 23, 2009.

2. Final audit reports on the basic financial statements, the Single Audit, and the Management Letter due by January 18, 2010, to be presented at the Budget & Finance Committee meeting on January 27, 2010.

3. Thirty (30) copies of the reports, as indicated above, by January 18, 2010. The Management Letter should address the following:

- Material findings of noncompliance with laws, rules, and regulations discovered during the course of the examination.
- Any other material items discovered during the conduct of the examination that require comment.

These reports shall be addressed to:

Mr. Jeffrey M. McKay
Deputy Air Pollution Control Officer
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

B. DISTRICT RESPONSIBILITIES

The District will prepare the final closing of the books, and provide balance sheets and statements of revenue and expenditures for all funds, as well as detailed subsidiary ledgers.

The District will provide required records, documentation and supporting information within its possession, as well as provide a listing of sponsors and contacts for awarded project funding as applicable.

The District will produce the confirmation letters that are mailed by the auditors.

The District will provide office space, desks, tables, chairs, and phones at the District's offices. The auditors will also be furnished access to facsimile machines, and photocopying machines.

The District will review the preliminary draft of the financial statements, Single Audit, and Management Letter, and provide comments to the auditor within 3 business days of receipt from the auditor.

C. REQUIRED QUALIFICATIONS

1. The firm must have a background and experience in providing financial and compliance auditing services to governmental organizations. In addition, the firm must be familiar with the California Clean Air Act of 1988 and environmental regulations, in general.
2. Individuals assigned to the audit should be qualified to perform an audit of a government unit and be familiar with environmental regulations.
3. The firm must be qualified according to rules and regulations of the State of California and the Comptroller of the Currency to issue the reports as described in Section III.
4. The firm must be independent and free of conflicts of interest in discharging professional responsibilities. Independent is specifically defined in Rule 101 of the Code of Professional Conduct issued by the American Institute of Certified Public Accountants.

D. RESPONSE SUBMITTAL REQUIREMENTS

A. Independence

The firm should provide an affirmative statement that it is independent of the Bay Area Air Quality Management District as defined by generally accepted auditing standards. Moreover, the firm must have no conflict of interest with regard to any other work performed for the District. It is understood that the services performed by the auditors are in the capacity of independent contractors and not as an officer, agent, or employee of the Bay Area Air Quality Management District.

B. License to Practice in California

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of California.

C. Firm Qualifications and Experience

The proposal should 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 staff to be assigned to the engagement. Please indicate whether any members of the audit team assigned to the District are reviewers in the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement as to whether that quality control review included a review of specific government engagements.

The firm will 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, 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 with State regulatory bodies or professional organizations.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 10) performed in the last five years that are similar to the engagement outlined in this request for proposals. The firm shall state experience with clients issuing Financial Statements under GASB 34. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

D. 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 licensed to practice as a certified public accountant in the State of California. The firm also should provide information on their governmental auditing experience, including the scope of audit services requested by the District, of each person, and 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 should provide as much information as possible, including resumes, regarding the number, qualifications, experience and training of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement would be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Bay Area Air Quality Management District. However, in either case, the Bay Area Air Quality Management District retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Bay Area Air Quality Management District, which retains the right to approve or reject replacements.

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

E. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed in performing the services required in Section II of this

request for proposals.

F. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Bay Area Air Quality Management District.

G. Total All-Inclusive Maximum Price

The bid should 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.

H. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The bid should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price.

I. Ownership of District-Related Documents

All property rights, including publication rights of all reports produced by proposer in connection with services performed under this agreement shall be vested in the Bay Area Air Quality Management District. The proposer selected shall not publish or release any of the results of the engagement without express written permission.

J. Acceptance of Proposal Contents

After auditors are selected by the District, the contents of the submitted proposal will become a contractual obligation. The successful proposer will be required to execute a standard consultant agreement with the District (See Appendix A). Failure of the selected firm to agree to include the proposal as part of the contractual agreement may result in cancellation of the award. The District reserves the right to reject those parts that do not meet with the approval of the District.

K. Acceptance or Rejection and Negotiation of Proposals

The District reserves the right to reject any or all proposals, to waive non-material irregularities or information in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the District is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the District reserves the right to reject any and all proposals prior to the execution of the contract(s), with no penalty to the Bay Area Air Quality Management District. If the District elects to reject all proposals, it reserves the right to continue with its current services arrangement.

L. Cost Proposal Guidelines

Cost Proposal - This is a fixed price contract. To assist in preparing a cost estimate for

each segment, copies of the *Adopted Budget for Fiscal Year 2008-09* (Appendix B) and the *Audited Basic Financial Statements and Office of Management and Budget Circular A-133 Reports Fiscal Year 2007-08* (Appendix C) have been posted on the District's website at <http://www.baaqmd.gov/adm/requests/index.htm> .

The Cost/Price format for the proposal must be as follows:

Tasks /Price

1. Consolidated Annual Financial Report \$
2. Single Audit Report \$
3. TOTAL COST OF PROPOSAL \$

In addition, list the fully burdened hourly labor rates and the total number of hours estimated for each level of professional staff to be used to perform each segment.

All proposals must be submitted according to specifications set forth in this section. Failure to adhere to these specifications may be cause for the rejection of the proposal. All proposals must be signed by an authorized representative of the bidder.

The total quotation for this project should not exceed One Hundred and Fifty Thousand Dollars (\$150,000).

M. Grounds for Rejection - A proposal may be immediately rejected if it is received at any time after the deadline; if it is not in the prescribed format; or if it is not signed by an individual authorized to represent the firm.

N. Disposition of Proposals - The District reserves the right to reject any or all proposals. All responses become the property of the District. One copy of the proposal shall be retained for District files. Additional copies and materials will be returned only if requested and at the bidder's expense.

O. Modification or Withdrawal - Once submitted, proposals, including the composition of the contracting team cannot be altered without the prior written consent of the District. All proposals shall constitute firm offers and may not be withdrawn following the last day to accept proposals.

SECTION III – INTERVIEWS

1. The Air District, at its option, may interview bidders. The interviews will be for the purpose of clarifying the proposals.
2. Submittal of new proposal material at an interview will not be permitted.

SECTION IV – SCOPE OF WORK

The auditor will perform a financial and compliance audit to determine: (a) whether the financial statements of the District fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles; and (b)

whether the District has complied with laws and regulations that may have a material effect upon the financial statements.

1. The auditor will consider the District's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the Deputy Air Pollution Control Officer and the Finance Manager. The consideration shall be made and reports rendered in accordance with generally accepted government auditing standards.
2. In the required reports on internal controls, the auditor shall communicate any significant deficiencies found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles.
3. Significant deficiencies that are also material weaknesses shall be identified as such in the report. Non-significant deficiencies discovered by auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal control.
4. The auditor shall be required to make an immediate report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Deputy Air Pollution Control Officer and the Finance Manager.

The Finance Manager will be responsible for coordinating the audit process for the District. The auditors will meet on a weekly basis during the field work process with the Finance Manager to discuss preliminary audit findings and management recommendations. Prior to issuing their final reports, the auditors will meet with the Deputy Air Pollution Control Officer and the Finance Manager. All audit reports will be addressed to the Board of Directors.

The auditors may be consulted occasionally throughout the year as an information resource. The auditors may be asked to provide guidance on the implementation of Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect District accounting, and may be asked to assist with the implementation of new pronouncements. The District is subject to additional audit requirements under the *Health and Safety Code* for the Transportation for Clean Air (TFCA) funding. The selected auditor will be asked to propose at a later date for the TFCA audit.

SECTION V – PROPOSAL EVALUATION

A panel of Air District staff will evaluate all proposals. The panel will recommend the selection of the contractor to the Air Pollution Control Officer (APCO), who will, in turn, make a recommendation to the Air District Board of Directors. The Air District Board of Directors must approve the contract to carry out the work described in this RFQ. An example of a typical contract for professional services used by the Air District is included in Section VI.

Proposals will be evaluated on the following criteria:

Technical expertise, size and structure of the firm and personnel assigned to RFP tasks; firm's ability to perform and complete the work in a professional and timely manner.	25%
Past experience of the firm and, in particular, experience of the team working on projects of similar scope for other governmental agencies.	15%
Responsiveness of the proposal, based upon a clear understanding of the work to be performed.	25%
Cost	25%
References of the firm, local business/Green Business*	10%

- * The District gives preferences to local businesses and those that are certified as green businesses by a government agency or independent private rating organization.

The Air District reserves the right to reject any and all proposals submitted and/or request additional information. During the selection process, the Air District's evaluation panel may interview bidders. The interviews will be for clarification only. The submittal of new material will not be permitted at that time.

If two or more proposals receive the same number of points, the Air District will accept the lower cost offer.

SECTION VI – SAMPLE CONTRACT

A sample contract to carry out the work described in this RFP is available on the District's website at <http://www.baaqmd.gov/adm/requests/index.htm>