1. **INTRODUCTION:**

1. **General Information**

The Idyllwild Fire Protection District (IFPD) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for the years ending June 30, 2014 through June 30, 2016 (three years) with the option of extending the contract for two (2) additional one-year periods.

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 an original and five (5) copies of your proposal by 5:00 p.m. on Friday, May 2, 2014 to:

Idyllwild Fire Protection District

Attn: Patrick Reitz, Fire Chief

54160 Maranatha Drive

P.O. Box 656

Idyllwild, CA 92549-0656

The outside of the envelope must identify the RFP subject (Annual Audit) and the name of the firm.

Inquiries concerning the RFP should be addressed to Patrick Reitz, Fire Chief, at (951) 659-2153 or chief@idyllwildfire.com. A copy of the District’s most recent audited financial statements are available on the District’s website at www.idyllwildfire.com under Documents. The Districts 2013/14 budget is also on the website.

Proposals submitted will be evaluated by the Fire Chief, the IFPD President and Treasurer. 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 by any one or all firms. Oral presentations may be requested the week of May 5, 2014. It is anticipated that recommendation of the auditing firm selection will be presented to the Board of Commissioners at the Tuesday, May 13, 2014 meeting. Following notification of the selected firm, it is expected a contract will be executed between both parties by the end of May 2014.

1. **DESCRIPTION OF THE IDYLLWILD FIRE PROTECTION DISTRICT**
2. **Background Information**

Idyllwild Fire Protection District (IFPD) was formed in 1946. The District is an instrumentality of the State of California, established to function as a special district. It was established for the purpose of providing fire protection services for the businesses and residents of Idyllwild, California. IFPD has expanded its services to include Para- Medic and Ambulance services for Idyllwild and contracts with Riverside County to provide services to Pine Cove and other nearby areas.

The District records are located at 54160 Maranatha Drive, Idyllwild, California 92549. The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s 2013-2014 adopted operating budget totals $1,690,000, of which 65% comes from Property Tax and 35% is from Ambulance revenue. Approximately 74% of expenditures are for salary and benefits.

The District is represented by 5 (five) Board Members each elected for a four-year term. The Board holds public meetings on the second Tuesday of each month at 6:00 p.m. at the IFPD headquarters.

More detailed information on the District and its finances can be found in the District’s 2013-14 budget and the 2013-14 Basic Financial Statements, which are located on the District’s website at www.idyllwildfire.com.

The staff currently consists of about 10 fulltime employees in fire and ambulance services: A part time Administrative Assistant, 12 reserves who supplement the full time Staff. The District uses Microsoft Accounting 2009 for its accounting, and budgeting applications. The District uses an accounting firm for accounting services.

The District uses Rapid Data for its payroll preparation

Investments are held with LAIF. The District maintains banking relations with a local bank.

1. **Prior Auditors**

Rogers, Anderson, Malody & Scott LLP served as District auditor for the last three year period

1. **NATURE OF SERVICES REQUIRED**
2. **Scope of Work**

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

1. Audit the Districts 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 Commissioners 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 Commissioners during the November meeting.
7. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the Fire Chief and the Commission President.
8. Retain at auditor’s expense audit working papers for three (3) years, 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. Provide general consultation as required, during the year, on financial reporting matters.
10. **TIMING AND OTHER REQUIREMENTS**
11. **Key Dates for Proposal Evaluation and Selection***:*
    1. Tuesday, April 8, 2014 RFP issued
    2. Friday, May 2, 2014 Proposals due
    3. Week of May 5, 2014 Oral Presentation (if requested)
    4. Tuesday, May 13, 2014 Board of Commissioners approval of proposals
    5. Mid May, 2012 Expected signing of Contract
12. **Project Schedule for Fiscal Year 2013 – 2014 Audit (Year ending June 30)**
13. The auditor shall provide the District with an audit plan, including a list of schedules and other work requested, no later than June 6, 2014.
14. 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 middle to end of August, 2014 and would expect field work to commence no later than the beginning to middle of September, 2014.
15. 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 19, 2014.
16. District staff shall have the opportunity to discuss and comment upon any findings and recommendations prior to issuance.
17. Final Draft Financial Statements will be presented by auditor to the Board of Commissioners at the November 11, 2014 meeting. The Report to the Board of Commissioners and Management is required to be submitted to the District by October 24, 2014 to enable management to respond and present the Report with management’s responses to the Board of Commissioners. Seven comb bound hard copies and one loose page copy will be provided by auditor, along with a copy of the Draft Financial Statements in PDF format on disc.
18. Final copies of the audited financial statements shall be issued no later than November 21, 2014. The final version of the management letter shall be issued by November 21, 2014. Seven 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 on disc.

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

1. **Assistance Provided to the Auditor**

Administrative Services staff and the District Accountant 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 provide the auditors with reasonable workspace, phone, wireless internet access and copy machine.

1. **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.

1. **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.

1. **Proposal Requirements**

**A. Format of Technical Proposal**

1. Title page
   1. The RFP subject,
   2. The proposing firm’s name,
   3. 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

* 1. The date of submission.

1. Table of Contents
   1. Identification of material submitted, by section and page number, and
   2. Cross reference to section and page number of RFP.
2. Transmittal Letter
   1. General introduction stating the proposer’s understanding of the services to be

provided,

* 1. A positive commitment to perform the service within the time period specified,
  2. A statement why the firm believes itself to be best qualified to perform the

engagement,

* 1. 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,
  2. A statement that the proposal is a firm and irrevocable offer for the stated period

of time,

* 1. name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address and
  2. Signature.

1. Detailed Proposal Following the Order Set Forth in Section B
2. **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.

1. Independence

The firm should provide affirmative statement that it is independent of the Idyllwild Fire Protection 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.

1. Insurance Requirements

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

1. 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.

1. 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.

1. 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 (i.e., 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.

1. 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 Districts 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.

1. 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.

1. 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, 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?

1. 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 2013-2014 engagement and for each of the following two years. Indicate how additional years fees would be calculated if the contract is extended for an additional two years.. 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.

1. **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:
   1. The audit firm is independent, insured and licensed to practice in California.
   2. The firm has no conflict of interest with regard to any other work to be performed for the District.
   3. The firm adhered to the instructions in the RFP.
2. Technical Quality:
   1. Expertise and Experience
      1. The firm has substantial past experience in performing the required audits on government agencies comparable to the District.
      2. 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.
      3. 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.
   2. Audit Approach:
      1. The firm provided proposed plans for the various segments of the engagement which are acceptable to the District.
      2. The firm presented a thorough understanding of the objectives, scope and issues for this type of engagement.
      3. Adequacy of proposed staffing plan.
      4. Adequacy of sampling techniques.
      5. Adequacy of analytical procedures.
      6. The firm is committed to the timeliness in the conduct and completion of the audit.
3. Price
   1. Evaluation of the maximum fee to conduct the audit. Price will not be the primary factor in selection of an audit firm.