

NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT

Public Notice is hereby given that the North Coast Unified Air Quality Management District (NCUAQMD) has issued a Request for Proposal (RFP) for professional financial auditing services for the fiscal years ending June 30, 2018, 2019 and 2020.

Proposals may be submitted to the NCUAQMD, 707 L St., Eureka, CA 95501, attention Penny Costa, Financial and Human Resources Administrator, or emailed to [support@ncuaqmd.org](mailto:support@ncuaqmd.org).

Copies of this notice, and the complete Request for Proposal are available for viewing beginning Tuesday, February 16, 2021 at the District office; by calling (707) 443-3093, or by visiting the District's website ([www.ncuaqmd.org](http://www.ncuaqmd.org)).

**Proposals will be accepted until 5:00 pm, March 12, 2021.**

**REQUEST FOR PROPOSAL  
for  
PROFESSIONAL FINANCIAL AUDITING SERVICES**

**for the**

**NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT**

**For the fiscal years ending June 30, 2018, 2019, & 2020**

**Submittal Deadline: March 12, 2021**



**North Coast Unified Air Quality Management District  
707 L Street, Eureka, CA 95501  
(707) 443-3093**

## A. GENERAL INFORMATION

Government Code section 26909 requires regular fiscal audits of government agencies. The North Coast Unified Air Quality Management District (“District”) is requesting proposals from qualified firms of certified public accountants to perform an outside audit its Financial Statements for compliance with Government Code Section 26909, for the fiscal years ending June 30, 2018, 2019, and 2020, with the option of auditing its Financial Statements for up to an additional three subsequent fiscal years. *The District requires proposals to be submitted by **March 12, 2021.***

These audits are to be performed in accordance with all applicable and generally accepted auditing standards including: the standards set forth for financial audits in the General Accounting Office’s (GAO) Government Auditing: Standards, including GASB 34, 40, 42, 43, 45, 46, 47, 67 and 68 requirements, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations; State of California Controller’s Minimum Audit Requirements for California Special Districts. More detailed information on the District and its finances can be found in the June 30, 2017 Financial Statements. A copy of this report is provided as background information.

The District reserves the right to reject any or all proposals submitted by applicants (“Applicants”). During the evaluation process, the District reserves the right to request additional information, or to allow corrections of errors or omissions. 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.

## B. SCOPE OF WORK AND SERVICES

### 1) Scope of Work to be Performed

#### a. Financial Statements

The District desires an Auditor to express an opinion as to whether the District’s basic Financial Statements are fairly presented, in all material aspects, in conformity with United States generally accepted accounting principles. The Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

#### b. Required Supplementary Information (RSI)

The following RSI is required by generally accepted accounting principles and will be subject to certain limited procedures, but are not required to be audited:

- 1) Management’s Discussion and Analysis (MD&A) (if provided)
- 2) Budgetary Comparison Schedule
- 3) Retirement Plan
- 4) Schedule on Funding Progress for the Retiree Health Plan

The following supplementary information should be subject to the auditing procedures applied in the audit of the basic financial statements and the Auditor should provide an

opinion on it in relation to the basic financial statement (or the following information will be included as part of the basic financial statements):

- 1) Schedule of operating expenses
- 2) Summary of changes in property plant and equipment
- 3) Summary of insurance policies/coverage.

In supplement to the District's basic financial statements, the Auditor shall communicate in a Management Letter any recommendations or reportable conditions found during the audit. Such information, although not a part of the basic financial statements, the Governmental Accounting Standards Board considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall also be reported in a separate letter to District management and the Governing Board. Auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Governing Board and District management.

c. Audit Procedures – Internal Controls

Although an audit is not designed to provide assurance on internal control or to identify significant deficiencies, the Auditor should communicate with District management internal control related matters that are required to be communicated under professional standards and Government Auditing Standards.

Audits should include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls considered relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests, if performed, should be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion should be expressed in a report on internal control issued pursuant to Government Auditing Standards.

- d. Prepare the State Controllers Financial Report for Special Districts in accordance with applicable standards and requirements.
- e. Provide assistance and advice during the audit engagement regarding compliance with applicable GASB standards and internal controls.
- f. Provide answers to questions from staff and District management regarding audit reports.

## 2) Special Considerations

### a. Typical Audit Schedule and Performance of Field Work

The District anticipates and expects the major field work for the District to begin on or near the middle of October of each year. This does not include preliminary field work which may occur shortly after the end of the Fiscal Year.

The Auditor should plan to do the following activities:

- Meet with the District's management team (Executive Director and Financial Administrator) at the beginning of the audit process to discuss the scope and the schedule of the audit. Auditor should also meet periodically with the District's management team to discuss timing and progress, and at the conclusion of the audit discuss audit findings and recommendations.
- Meet with the Governing Board to present the audited financial statements.
- Dedicate sufficient staff to minimize the undue interferences with normal District operations.

The Auditor shall provide to the District a draft copy of the Audit Report and Management Letter in adequate time to meet District Meeting schedules. Typically, this has been done no later than January 31<sup>st</sup> of each year in order to present to the District Governing Board at the February or March Board meeting. In addition to meeting with Staff, Auditor is expected to attend and present its findings at the meeting, at which the General Purpose Financial Statements are also typically presented to the Governing Board.

### b. 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 five (5) years, unless the Auditor is notified in writing by the District of the need to extend the retention period. The Auditor will be required to make working papers available, upon request by any of the following parties or their designees:

- North Coast Unified Air Quality Management District
- Parties designated by State or Federal Government and/or agencies thereof.
- Auditors of entities which the District is a sub recipient of grant funds.
- Parties designated by the Federal or State governments or by the District as part of an audit quality review process.

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

### c. Liability Insurance

Auditor must maintain comprehensive general liability and professional liability insurance coverage.

d. Eligibility Qualifications

Companies, or any individual currently with the firm, who may have provided bookkeeping, financial, or independent auditor services to the District within the previous 6 years are disqualified from providing professional financial auditing services as outlined in this RFP document.

**C. DISTRICT BACKGROUND INFORMATION**

1) Contact Information:

North Coast Unified Air Quality Management District (NCUAQMD)  
707 L Street, Eureka CA 95501  
(707) 443-3093

District Management Team for audits:

Executive Director & Air Pollution Control Officer (APCO):

Brian Wilson, [bwilson@ncuaqmd.org](mailto:bwilson@ncuaqmd.org), x126

Deputy APCO (and Permitting & Planning Division Manager):

Jason Davis, [jdavis@ncuaqmd.org](mailto:jdavis@ncuaqmd.org), x114

Financial & Human Resources Administrator:

Penny Costa, [pcosta@ncuaqmd.org](mailto:pcosta@ncuaqmd.org), x117

2) Budgetary Basis of Accounting

The District prepares its budgets on a basis consistent with generally accepted accounting principles.

3) Pension Plans

The District participates in the California Public Employees' Retirement Association (CalPERS), an agent multiple-employer public employee retirement system.

4) Other Post Employment Benefits (OPEB)

The District offers a OPEB such that retired employees hired by the District before September 1, 2013, who meet P.E.R.S. retirement guidelines will have the same health insurance benefits as an active employee. Once a retired employee reaches age 65 and qualifies for Medicare the District will pay for a Medicare Supplement. Employees hired by the District on or after September 1, 2013, who meet P.E.R.S. retirement guidelines shall receive post-retirement health insurance benefits consistent with the vesting schedule set forth in Government Code section 22893 and the District Resolution No. 2013-6.

5) Current Financial Software

The District currently uses QuickBooks by Intuit financial software.

## 6) Availability of Prior Audit Reports and Working Papers

Interested applicants who wish to review prior years' audit reports and management letters should contact Ms. Penny Costa, Financial & Human Resources Administrator at (707) 443-3093, extension117. A copy of the most recent audit is available upon request. The District will use its best efforts to make prior audit reports available to applicants to aid their response to this request for proposals

## **D. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

### 1) Statements and Schedules to be Prepared by District Staff

District Staff members will be made available to assist in the audit. The District will prepare any necessary schedules and provide documents (invoices, checks, Board minutes, etc.). In addition, Staff will be available to respond to any questions which may arise during the audit.

### 2) Work Area, Telephones, Photocopying and Fax Machines

The District will provide the Auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to photocopying facilities and fax machines to be used for the audit.

### 3) Report Preparation

Report preparation and printing for the Annual Financial Report shall be the responsibility of the Auditor.

## **E. SELECTION PROCEDURE AND CRITERIA**

### 1) Selection Process

The selection process will involve the review of the Applicant's Proposal for compliance with the requirements of the RFP. In addition, they will be evaluated for experience of assigned personnel with similar engagements, qualifications of the firm, and approach to the engagement. Cost will also be considered, however, this will not be a sole selection criterion. Based upon the review of the written proposals, those determined to most closely meet the needs of the District may be interviewed. A final recommendation will be made to the Governing Board, which will award the agreement.

## **F. SELECTION PROCEDURE AND CRITERIA**

### 1) General Requirements & Submission of Proposals

The Proposal should respond to the following information to be considered:

- a. Copies: One unbound copy of the Proposal to the District.
- b. Transmittal Letter: A signed letter of transmittal briefly stating the Applicant's understanding of the work to be done, the commitment to perform the work within the time period and a statement that the Proposal is a firm and irrevocable offer for 60 days.

- c. General Requirements: The Proposal should demonstrate the qualifications, competence and capacity of the Applicant seeking to undertake an independent audit of the District and address all the points outlined in the Request for Proposal.
- d. License to Practice in California: An affirmative statement should be included that the Applicant and all assigned key professional staff are properly licensed to practice in California.
- e. Auditor Qualifications and Experience: The Applicant should state the size of the firm, the size of the firms' 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.
  - a. The Applicant is also required to submit a statement regarding status of the report on its most recent external quality control review. The report must have included a review of specific governmental engagement.
  - b. The Applicant 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, as well as any pending or settled litigation within the past three (3) years.
- f. Qualifications and Experience: Partner, Supervisory and Staff Qualifications and Experience should be included. Identify the principal supervisory and management staff who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person.
  - a. Audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience. However, in either case, the District retains the right to approve or reject replacements.
- g. Similar Engagements with other Governmental Entities: List the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal. Indicate telephone number of the principal client contact.
- h. Specific Audit Approach: The proposal should set forth a work plan, including an explanation of the audit methodology to be followed.
- i. Dollar Cost: The proposal should include the cost to complete the proposal as per the above requirements in this Request for Proposal for each of the three years requested. The District will not be responsible for expenses incurred in preparing and submitting this proposal
- j. Out-of-Pocket Expenses: All estimated out-of-pocket expenses to be reimbursed should be detailed in the proposal. All expense reimbursements will be charged against the total maximum price submitted by the firm.