



Request for Proposals

The Marina Coast Water District wishes to contract for a Certified Public Accountant or Public Accounting Firm to provide Annual Audit Services to the District

Proposals due

**4:00 PM
June 10, 2021**

Proposals should be sent electronically to:

Kelly Cadiente at

kcadiente@mcwd.org

I. Introduction

Marina Coast Water District (District) is requesting proposals from qualified independent certified public accountants to audit and report on the financial position of the District. The District will be accepting proposals from independent certified public accounting firms of “recognized ability and standing” and licensed to practice in the State of California to be engaged as External Auditors of the operations of the District.

The District anticipates a three-year audit services agreement, subject to annual review by the District. The audit period will be for the fiscal year beginning July 1, 2020, and ending June 30, 2021, with options to renew for annual audits for the fiscal years ending June 30, 2022, and 2023.

The District is located just north of the Monterey Peninsula and serves approximately 9,200 water and sewer service connections in the diverse communities of Marina and the Ord Community (former Fort Ord) with a population of between 36,000-to-40,000 people. The District provides high-quality water, wastewater, and recycled water services through management, conservation, and development of future resources at reasonable costs. The District is governed by a five-member Board of Directors who is elected by the public and serve four-year terms. A General Manager is appointed by, and reports to, the Board of Directors.

The District maintains five separate enterprise funds: Marina Water, Marina Wastewater, Ord Community Water, Ord Community Wastewater, and Recycled Water. The two major sources of revenue are water sales - \$12.3 million and wastewater collection - \$4.6 million. The District’s overall annual fiscal year 2020-2021 budget is approximately \$45.3 million.

II. Scope of Services

The District is seeking proposals from qualified independent certified public accounting firms to perform the following Scope of Services:

- Perform an audit of the District’s financial statements in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants and per “Minimum Audit Requirements and Reporting Guidelines for California Special Districts” as required by the State of Controller’s Office.

- Prepare an audit report of the District's financial statements which will be prepared by the District with assistance and recommendations from the selected external auditor.
 - Examples of suggested changes or additions to footnote disclosure will be provided by the selected external auditor.
 - The audit report shall include at least the auditor's comments on the study and evaluation of the internal control structure of the District. It must identify the organization's significant internal accounting controls. This report must identify the controls not evaluated, and any material weaknesses identified as a result of the evaluation.
 - The audit report must contain any other applicable requirements of law under the Governmental Accounting Standards Board.
 - Before the submission of the final report, the audit firm's staff will be required to review the draft report and management letter with the District staff.
- Prepare a management letter that includes a statement of audit findings (any reportable conditions found during the audit) and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, the legality of actions, and any instances of non-compliance with laws and regulations and any other material matters. 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 the financial data consistent with the assertions of management in the financial statements.
- If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the District's General Manager and the Board.
- If required, prepare and forward to the State Controller's Office the Annual Report of Financial Transactions of Special Districts according to Government Code Section 53891.
- If required, prepare a Single Audit Report.
- Attend District Board of Directors meeting when the audited financial statements are presented to the Board.

No extended services will be performed unless authorized in the contractual agreement or an amendment to the agreement.

III. Assistance Available to Auditor

District staff will provide the following assistance to the selected audit firm:

- Support the auditor by pulling any necessary documents.
- Staff will prepare all trial balances, detail supporting schedules (e.g., accounts receivable and accounts payable listings, fixed assets, etc.), reconciliations of significant accounts, and other schedules as reasonably expected for the audit.
- Staff will issue letters of representation, as required.
- Staff will provide access to District Counsel to discuss pertinent legal issues to the District's financial statements.

IV. Proposal Requirements

The proposal should provide a straightforward, concise description of the individual's or organization's capabilities to satisfy the requirements of the above Scope of Services. Please note that additional information is provided below regarding references, costs, and the draft agreement. A responsive proposal shall contain the following minimum information:

- A. Introduction – provides an introductory description of the services offered by the individual or firm. Submit written evidence that the firm is a legal entity in the State of California and has performed continuous C.P.A. services for a minimum of five years. Provide written evidence that the firm is a member in good standing of both the American Institute and California Society of Certified Public Accountants. State the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
- B. Scope of Services – provide your approach to accomplish this work as described in the Scope of Services; this section of the proposal should express the understanding of the Scope and should include a vision of specific deliverables.
- C. Qualifications – provide the individual or team experience and qualifications for conducting the work described in the Scope of Services.
- D. References.
- E. Cost.
- F. Draft Agreement.

V. Qualifications

Identify the staff who will work on the audit. Provide resumes including relevant experience, academic qualifications, and continuing education for each person to be assigned to the audit. Describe the most recent local and regional office auditing experience similar to the type of audit requested.

VI. References

Provide references from at least four (4) current and/or past clients. Please include the name and type of firm, address, main contact, and telephone number and include the scope of work performed.

VII. Cost

A detailed breakdown of billing rates and expenses shall be included in the proposal that fully describes the individual's or organization's proposed reimbursement requirements. Reimbursement requirements will be a factor in the selection process. The cost of proposal preparation shall not be chargeable in any manner to the District.

VIII. Draft Agreement

Attached is the District's standard professional agreement that will be used.

IX. Acceptance of Proposal

Any individual or organization submitting a proposal thereby automatically agrees to each and all of the terms and conditions, provisions, and requirements outlined in this RFP.

No fax submittals will be accepted, and late submittals will not be considered. Proposals must be received by 4:00 pm on June 10, 2021.

X. Selection Process and Criteria

The District management staff will review the proposals submitted. All proposals will be evaluated uniformly for final selection, which will be based on an analysis of the

information submitted. Criteria that may be included in the analysis include experience with audits of special districts, especially water districts with hydroelectric and recreation activities; qualifications; availability; economics and value; locale of the proposer; quality of the proposal.

Although interviews will not be required as a condition of submitting a proposal, the District reserves the right to request additional information or interview some or all of the proposing individuals or organizations if necessary to obtain additional information that the District considers necessary to fully evaluate a proposal.

The District also reserves the right to 1) request clarification or additional information from any proposing firm at any time; 2) waive immaterial defects or minor irregularities in a proposing firm's responses to this request for proposal; 3) suspend or reopen the request for proposals process, and 4) reject any or all responses and terminate the request for proposals process at any time.

XI. Deadline

The deadline for proposals is 4:00 PM June 10, 2021, and should be sent electronically to Kelly Cadiente, Director of Administrative Services at kcadiente@mcwd.org.

**PROFESSIONAL SERVICES AGREEMENT FOR
CONSULTING SERVICES
BETWEEN
MARINA COAST WATER DISTRICT
AND**

Some of the important terms of this Agreement are printed on Page 2. For your protection, make sure that you read and understand all provisions before signing. The terms on Page 2 are incorporated in this document and will constitute a part of the Agreement between the parties when signed.

TO: Marina Coast Water District DATE: _____
11 Reservation Road
Marina, CA 93933

The undersigned Consultant offers to furnish the following:

MCWD wishes to engage _____ to perform an independent audit and report on the financial position of the District for FY 2020-2021, with the option to renew for FY 2021-2022, and FY 2022-2023. The scope of services is included in Attachment A.

Contract price \$ _____

Completion date October 29, 2021

Instructions: Sign and return two originals. Upon acceptance by the Marina Coast Water District, a copy will be signed by its authorized representative and promptly returned to you.

Accepted: Marina Coast Water District CONSULTANT

By _____ By _____

Name _____ Name _____

Title _____ Title _____

Consultant agrees with the Marina Coast Water District that:

1. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, or authorized volunteers from all claims and demands of all persons that arise out of, pertaining to, or related to the Consultant's negligence, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the work under this agreement. Consultant shall defend itself against any liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of Consultant's performance or nonperformance of the work hereunder, and shall not tender such claims to District nor its directors, officers, employees, or authorized volunteers, for defense or indemnity.

2. Other than in the performance of professional services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, and authorized volunteers from all claims and demands of all persons arising out of the performance of the work; including but not limited to claims by the Consultant or Consultant's employees for damages to persons or property except for the sole negligence or willful misconduct or active negligence of the Marina Coast Water District, its directors, officers, employees, or authorized volunteers.

3. By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Consultant will comply with such provisions before commencing the performance of the professional services under this Agreement. The consultant will keep workers' compensation insurance for their employees in effect during all work covered by this Agreement and shall file with the Marina Coast Water District the certificate required by Labor Code Section 3700.

4. This paragraph is part of the contract. Yes or No (Circle One) [This section applies in most cases except for laboratory work.] The consultant will file with the Marina Coast Water District, before beginning professional services, a certificate of insurance satisfactory to the District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to the Marina Coast Water District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII, or equivalent, or as otherwise approved by the District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the contract work. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed, or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

5. This paragraph is part of the contract. Yes or No (Circle One) Consultant will file with the Marina Coast Water District before beginning professional services, certificates of insurance satisfactory to the Marina Coast Water District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to the Marina Coast Water District. The general liability coverage

is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by the Marina Coast Water District, its officers, directors, employees, or authorized volunteers shall not contribute to it". The general liability insurance shall give Marina Coast Water District, its officers, directors, employees, and its authorized representatives and volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII or as otherwise approved by the Marina Coast Water District.

6. If any of the required coverages expire during the term of this agreement, the Consultant shall deliver the renewal certificate(s) to the District at least ten (10) days prior to the expiration date.

7. Consultant shall only accept direction or orders from the General Manager or his designee or the Board of Directors.

8. The terms of this agreement shall commence on _____, 2021 and continue in full force unless terminated by a 15-day written notice by either party to the other.

9. Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion be approved in advance, in writing by a supplemental agreement by the Marina Coast Water District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.

Attachment A – Scope of Services

The following are the Scope of Services of the Agreement:

- Perform an audit of the District's financial statements in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants and per "Minimum Audit Requirements and Reporting Guidelines for California Special Districts" as required by the State of Controller's Office.
- Prepare an audit report of the District's financial statements which will be prepared by the District with assistance and recommendations from the selected external auditor.
 - Examples of suggested changes or additions to footnote disclosure will be provided by the selected external auditor.
 - The audit report shall include at least the auditor's comments on the study and evaluation of the internal control structure of the District. It must identify the organization's significant internal accounting controls. This report must identify the controls not evaluated, and any material weaknesses identified as a result of the evaluation.
 - The audit report must contain any other applicable requirements of law under the Governmental Accounting Standards Board.
 - Before the submission of the final report, the audit firm's staff will be required to review the draft report and management letter with the District staff.
- Prepare a management letter that includes a statement of audit findings (any reportable conditions found during the audit) and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, the legality of actions, and any instances of non-compliance with laws and regulations and any other material matters. 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 the financial data consistent with the assertions of management in the financial statements.
- If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the District's General Manager and the Board.
- If required, prepare and forward to the State Controller's Office the Annual Report of Financial Transactions of Special Districts according to Government Code Section 53891.
- If required, prepare a Single Audit Report.

- Attend District Board of Directors meeting when the audited financial statements are presented to the Board.