

**TOWN OF FAIRFAX  
142 Bolinas Road  
Fairfax, CA 94930**

Date: December 3, 2009

To: Interested Parties

From: Laurie Ireland-Ashley, Finance Director

Re: **Request for Proposal – Professional Auditing Services**

The Town of Fairfax (the Town) is soliciting proposals from qualified Certified Public Accounting firms to audit the Town's financial statements for three (3) years, starting with fiscal year ending June 30, 2009, with two (2) options to extend the term for an additional period of one (1) year each. Attached is the Request for Proposal (RFP).

If your firm would like to be considered for our engagement beginning March 1, 2010, you are invited to submit your response in writing by 5 p.m., January 25, 2010 to the following address:

Laurie Ireland-Ashley, Finance Director  
**TOWN OF FAIRFAX  
142 Bolinas Road  
Fairfax, CA 94930**

**Please Note: A Pre-proposal Conference will be held on January 11, 2010 at 10 AM., at the TOWN OF FAIRFAX, Town Council Chamber, 46 Park Road, Fairfax, CA, 94930.**

**TOWN OF FAIRFAX**

**REQUEST FOR PROPOSAL**

**PROFESSIONAL AUDITING SERVICES**

**DECEMBER 3, 2009**

**TOWN OF FAIRFAX**

# **RFP - Professional Auditing Services**

## ***I. General Information***

The Town of Fairfax is requesting proposals from qualified certified public accounting firms to audit its financial statements for three (3) years, starting with the fiscal year ending June 30, 2009, with two (2) options to extend the term for an additional period of one (1) year each. These audits are to 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 current 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, as well as any other current and applicable federal, state, local or programmatic audit requirements.*

There is no expressed or implied obligation for the Town 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 seq.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

Evaluation:

The Town of Fairfax Finance Committee will evaluate all proposals submitted and make recommendations to the Town Council for the final selection.

Oral Presentations: During the evaluation process we reserve the right - where it may service the Town of Fairfax's best interests - to request additional information or clarifications from the proposers. At the discretion of the Finance Committee and the Town, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town of Fairfax reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was 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 Town of Fairfax and the firm selected.

Fees: The proposal package shall present all inclusive audit fees for each year of the contract term.

## ***II. Nature of Services Required***

## **A. Scope of the Work to be performed**

The Town of Fairfax's goal is to provide the public and our constituents with a financial statement that gives complete, accurate and understandable information about the Town's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Audit of the General Purpose Financial Statements of the Town of Fairfax in conformity with generally accepted accounting principles and issue an opinion thereon.
2. Provide assistance including all applicable schedules in the implementation of all applicable GASB pronouncements including GASB #34 as it relates to the preparation of the Town's financial statements.
3. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
4. Test compliance with the Single Audit Act as amended in 1996, and the provisions of OMB Circular A-133 and other applicable laws and regulations.
5. Provide other services including special reports that may be requested by the Town.
6. Report preparation, editing, printing, and binding shall be the responsibility of the auditor. The auditor shall provide completed drafts for the Town to review prior to issuance.

## **B. Reports to be issued**

Following completion of the audit and preparation of the fiscal year's financial statements, the auditor shall issue following reports:

1. An audit opinion on the fair presentation of the Town's general purpose financial statements in conformity with generally accepted accounting principles and applicable laws and regulations. This opinion should comply with all provisions of GASB 34 including Required Supplemental Information (RSI) as required by GASB 34.
2. A management recommendation letter addressed to the Town Council of the Town of Fairfax communicating any reportable conditions found during the audit. Observations of opportunities for improvements in economies in operations, internal controls and effective use of the Town's resources may be included in this letter. The management letter shall also include the status of prior year's reportable conditions. During the first year, the auditors shall follow-up on reportable conditions made in connection with the June 30, 2008 audit.
3. A report of Agreed Upon Procedures on the Town's compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the "Gann Limit"

### **C. Working Paper Retention and Access to Working Papers**

All work papers and reports must be retained, at the auditor's expense, for the minimum of five (5) years, unless the firm is notified in writing by the Town of Fairfax of the need to extend the retention period. The auditor may be required to make working papers available, upon request, to parties specifically designated by the Town as reasonable.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review all work papers.

## ***III. Description of the Town of Fairfax and its Government***

### **A. Background Information**

Our first inhabitants were probably the Coast Miwok Indians, who occupied stretches along local creeks, spring and seep areas in Marin County, California. The area of Fairfax was originally part of the Mexican Land Grant, Canada de Herrera, consisting of 6,658 acres, conferred to Domingo Sais on August 10, 1839, in return for his military service under the government of Mexico. This area was mostly hay fields, dairy ranches and vineyards, nestled in the hills and small valleys of the Upper Ross Valley. It was after the turn of the century that the Fairfax District began to grow, laying the foundation for our present town. 1907 and 1908 saw three tracts of land subdivided: the Fairfax Tract at Pastori's Station, Ridgeway and Deer Park. In 1910 the Fairfax Improvement Company developed the Pacheco Tract, the Fairfax Development Company subdivided the Fairfax Manor Tract in 1911 and the same year, Henry Frustuck subdivided the Fairfax Park Tract. The Rocca Brothers developed Fairfax Heights in 1912 and 1913 and brought the Bush annex, Bothin Park and Manor Tracts. Further tracks, the largest, The Cascades, completed Fairfax. In February of 1931 the town was incorporated as a city of the sixth class, with a five-member council government.

#### 2000 Census

At the 2000 census the population of Fairfax was 7,319. At an elevation of 115 feet (35 m), the town has a total area of 2.1 square miles (5.5 km<sup>2</sup>), all of it land. There are 3,306 households and 1,811 families residing in the town. The population spread: 19.2% under the age of 18, 4.7% from 18 to 24, 33.5% from 25 to 44, 33.1% from 45 to 64, and 9.5% who were 65 years of age or older. The median income for a household in the town was \$58,465, and the median income for a family was \$68,308. Males had a median income of \$51,457 versus \$40,815 for females. The per capita for the town was \$34,080. About 4.3% of families and 6.5% of the population were below the poverty, including 6.6% of those under age 18 and 7.6% of those ages 65 or over.

The governing body remains a five-member Town Council composed of the Mayor and four Council members all of whom are elected at-large and serve four-year terms.

The Town provides a full range of municipal services including public safety (police and fire), parks and recreation, and public works.

## B. Basis of Accounting and Fund Structure

The Town of Fairfax uses the following fund types and account groups in its financial reporting:

Governmental Fund Types  
General Fund (6 funds)  
Special Revenue Funds (6 funds)  
Capital Projects Funds (4 funds)  
Debt Service (3 funds)

Fiduciary Fund Types  
Agency Funds (1 fund)

The Town may make additions to and/or deletions from this list and to the component units included in the reporting entity as deemed necessary.

## C. Availability of Prior Reports and Work Papers

The Town's most recent audit was conducted by Caporicci & Larson, Certified Public Accountants in Oakland, CA. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful proposer.

## IV. Time Requirements

### A. Proposal and Audit Calendar

<u>Date</u>	<u>Activity</u>
Friday, December 4, 2009	Request for Proposal issued
Monday, January 11, 2010	Pre-proposal Conference at 10 a.m. (City Council Chambers)
Friday, January 22, 2010	Due date for <u>Technical Proposal</u> and <u>Cost Proposal</u> (due by 5:00 p.m.) Review by Finance Committee
Wednesday, February 3, 2010	Review and Decision at Town Council Meeting
Friday, February 5, 2010	Selected firm notified and Contract awarded
Monday, March 1, 2010	Date audit may commence
Friday, March 19, 2010	Completion of field work
Wednesday, April 28, 2010	Receipt of all required opinions and reports

### B. Exit Conferences

An exit conference with the Town Manager and the Finance Director to summarize the results of fieldwork and to review significant findings is expected on the last day of fieldwork.

## ***V. Assistance to be provided to the Auditor***

### **A. Finance Department and Clerical Assistance**

To ensure efficient assistance, the auditor shall provide the Town with a detailed audit plan and a list of all schedules to be prepared for the initial year-end audit work, and any future interim audit work. Town staff will prepare reasonably required schedules for the auditor.

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. Laurie Ireland-Ashley, Finance Director, or her designee will be responsible for acting as the liaison between the audit firm and the accounting personnel. Consideration must be given to the on-going tasks of the finance department.

### **B. Work Area, Telephone, Photocopying, and Fax Machine**

The Town of Fairfax will provide the auditor with a reasonable workspace, access to telephone lines, photocopying facilities and a fax machine.

## ***VI. Proposal Requirements***

### **A. General Requirements**

Any questions regarding this proposal or additional information required by the respondents should be directed to:

Laurie Ireland-Ashley, Finance Director  
Town of Fairfax  
142 Bolinas Road  
Fairfax, California 94930

- a. Submission of **Technical Proposal**. An original and four (4) copies of the Technical Proposal shall be received **by 5:00 p.m. on Friday, January 22, 2010**, for a proposal to be considered.
- b. Submission of **Cost Proposal**. An original and four (4) copies of the Cost Proposal shall be received **by 5:00 p.m. on Friday, January 22, 2010, under separate cover in a sealed envelope** to be considered. The requirements of the cost proposal are described below.

Both the **Technical Proposal** and the **Cost Proposal** should be sent to the attention of Laurie Ireland-Ashley at the address noted above.

### **B. Format for Technical Proposal**

The format of the Technical Proposal shall be as follows:

#### ***1. Transmittal Letter***

General introduction and briefly stating the proposer's understanding of the audit services to be performed; a positive commitment to perform the service **cognizant of the time period specified**; the name(s) of the person(s) authorized to represent the proposer, title, address, and telephone number.

2. *Detailed Proposal*

The detailed proposal should follow the format set out in Section C below.

### C. 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 Town of Fairfax in conformity with the requirements of this Request for Proposal. As such, 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 Request for Proposal requirements.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, please be certain to include the areas detailed below: (they represent the criteria against which your 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.

2. *Independence*

The firm should provide an affirmative statement that it is independent of the Town of Fairfax as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards*.

3. *Insurance*

The selected firm will maintain professional liability, workers' compensation, and automobile insurance requirements during the entire term of their engagement.

4. *Firm Qualifications and Experience*

a) To qualify the firm must have extensive experience in audits of local governments. The proposer 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.

- b) The proposer is also required to submit a copy of the report on its most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements.
- c) In addition, the proposer 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.

5. *Partner, Supervisory and Staff Qualifications and Experience*

- a) Identify the principal supervisory and management staff, including engagement partners, managers, and 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 California. Also, 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.
- b) Principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists may be changed during the course of the agreement, however, the Town of Fairfax reserves 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.

6. *Similar Engagements with Other Government Entities*

Please provide a list of client references for which services similar to those outlined in this RFP are currently being provided. For each reference listed provide the name of the organization, address, and telephone number of the responsible person within the reference's organization.

7. *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 requested from the Town.

8. *Report Format*

The proposer should include sample formats for required reports.

## **D. Contents of Cost Proposal**

1. *Total All-Inclusive Maximum Price*

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in the request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of Fairfax will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- (a) Name of firm;
- (b) Certification that the person signing the proposal is authorized to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town of Fairfax; and
- (c) A total all-inclusive maximum price for each year of the engagement.

2. *Rates by Partner, Supervisory and Staff*

The cost proposal should include detailed information regarding the estimated number of hours to be dedicated to the Town's engagement, delineated by staffing level and the hourly rate for each.

3. *Rates for Additional Professional Services*

If it should become necessary for the Town to request the auditor to render additional services, then such additional work agreed to between the Town and the firm shall be performed at the same rates set forth in this cost proposal or on a fixed fee arrangement as negotiated in advance of performing such additional services.

4. *Manner of Payment*

Progress payments will be made on the basis of pro-rated audit work completed during the course of the engagement.

## ***VII. Evaluation Methodology***

### **A. Selection Committee**

The Finance Committee will review and arrive at a composite score for each firm.

### **B. Evaluation Criteria**

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 represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest with the Town of Fairfax
- c. The firm follows the instructions set forth in the RFP
- d. The firm submits a copy of its last external quality (peer) review report and the firm has a record of quality audit work.

2. Technical Qualifications

3. Price

### **C. Selection of Firm**

Based on evaluation criteria and reference checks, the Finance Committee will recommend the best qualified firm to the Town Council for final award of contract. It is anticipated the selection of a firm will be completed by Wednesday, February 3, 2010. Following the

notification of the selected firm, it is expected a contract will be executed between both parties by Wednesday, February 10, 2010.

**D. Right to Reject Proposals**

The Town of Fairfax reserves the right to reject any and all proposals submitted and to request additional information from proposers. If the Town cannot successfully negotiate a professional agreement acceptable to both parties, the Town reserves the right to award the contract to any firm determined to be qualified to conduct the audit.