

REQUEST FOR PROPOSAL FINANCIAL AUDITING SERVICES



TRANSPORTATION AUTHORITY OF MARIN

900 Fifth Avenue, Suite 100
San Rafael, CA 94901

Issued On March 26, 2018

PROPOSALS DUE:

3:00 p.m. April 20, 2018

Introduction

The Transportation Authority of Marin (TAM) is requesting proposals from qualified firms of certified public accountants to audit TAM's financial statements and, if needed, perform a Single Audit for the three fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020, with the option of extending the services for two subsequent fiscal years. The proposals should be submitted by 3:00 p.m. on April 20, 2018. The following request describes the elements that TAM believes should be included in the audits, the process that is to be used, the deliverables that are expected from the auditor, and the information that is expected to be included in the proposals.

Background

A. Description of TAM

The Transportation Authority of Marin (TAM) is a joint powers authority comprising Marin's eleven cities and towns and the County of Marin. The TAM Board of Commissioners includes the five members on the Board of Supervisors and an elected official from each city and town. TAM administers the Expenditure Plans for both Measure A, the 20-year, ½-cent Transportation Sales Tax, and Measure B, the \$10 Vehicle Registration Fee. Both revenue sources are dedicated to transportation projects and programs in Marin approved by the Marin voters. TAM also serves as Marin's Congestion Management Agency and is responsible for coordinating funding for many of the transportation projects and programs in the County.

As specified in both the Measure A ½-cent Transportation Sales Tax and Measure B \$10 Vehicle Registration Fee Expenditure Plans, the Citizens' oversight Committee (COC) of TAM, a committee that was created to oversee the revenues and expenditures of the Measure A sales tax projects and programs and later assumed the responsibility of overseeing revenues and expenditures of the Measure B vehicle registration fee projects and programs as well, will have full access to TAM's independent auditor and will have the authority to request and review specific information and to comment on the auditor's report.

B. General Accounting and Budget Information

TAM's Chief Financial Officer, along with an Accounting and Administrative Specialist are responsible for most of the agency's financial and accounting operations, including Accounts Payable, Cash Receipts, Payroll, Investments, Financial Reporting, Budgeting, Project Revenue and Expenditure Monitoring, and Benefits Administration. TAM is in the process of hiring a Senior Accountant. The addition of this position will provide the agency adequate staff support needed for all those functions.

TAM prepared its annual budget by the main governmental funds it has. Total revenue expected for TAM in FY2017-18 is \$34.4 million while the total expenditure for the year is \$52.0 million.

TAM implemented the Abila MIP Fund Accounting™ Software in 2016 and uses Microix for requisition and timesheet management.

Scope of Services

A. General

TAM is soliciting the services of qualified firms of certified public accountants to audit TAM's financial statements and, if needed, perform a Single Audit for three years beginning with the fiscal year ended June 30, 2018. There will be two (2) additional one (1) year options to renew the agreement for two (2) additional years, at the discretion of TAM. Extension of the contract is subject to annual renewal based on the review and approval of TAM's Board of Commissioners. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

TAM desires the auditor to express an opinion on the fair presentation of TAM's general purpose financial statements and combining financial statements in conformity with generally accepted accounting principles. The auditor will also perform the required work tasks for a Single Audit and other required compliance audits when necessary.

The team selected is required to provide templates and/or journal entries required to comply with Governmental Accounting Standards Board Statement No 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and to verify total future retiree health benefit cost calculations.

The team selected is expected to keep TAM abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The firm is also expected to provide advice to TAM staff related to the proper accounting treatment for transactions as needed and without additional costs.

The team selected may also be asked to examine other reports or perform other services as required. The scope and compensation for any such request would be negotiated between the TAM and the firm.

C. Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants,
2. The standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards (2011 Revision),
3. The provisions of the Single Audit Act of 1984 (as amended in 1996),
4. The provisions of the U. S. Office of Management and Budget (OMB) Circular A-133, audits of States, Local Governments, and Non-Profit Organization, Audits of State and Local Governments,
5. Minimum audit requirements and reporting guide lines for Special Districts pursuant to California Code of Regulations, State Controller, Subchapter 5, 1131.2 "Minimum Audit Requirements and Reporting Guidelines for Special Districts".

D. Reports to be Issued

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

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A management report with recommendations for improving operations.
4. All reports required under the Single Audit Act if applicable.
5. Completion and filing of the federal "Data Collection Form for Reporting on Audits of States, Local Governments, And Non-Profit Organizations [Form SF-SAC].
6. Special District's Financial Transaction Report to the State Controller.
7. Compliance reports for major federal, state and regional programs that are applicable.

The auditor will prepare the initial draft of the financial statements, the footnote disclosures, Single Audit reports, compliance reports and schedules for review and acceptance by TAM. Final report preparation, editing, and printing shall be the responsibility of the auditor.

F. Date Audit May Commence

Audit planning, including all necessary planning for the implementation of GASB 34, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage. It is expected that TAM will close its books and be ready for the final audit by the middle of September.

G. Date Reports Are Due

The auditor shall provide all drafts and recommendations for improvements to the Chief Financial Officer within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed Financial Statements, Single Audit Report, Compliance Reports and other required reports shall be delivered to the Chief Financial Officer by October 31 of each year.

H. Presentation of the Audit

Following the completion of the audit, the auditor will attend a meeting of the Citizens' Oversight Committee and the Board of Commissioners to present the audit and respond to questions.

I. 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 firm is notified in writing by TAM of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- TAM
- The Citizens' Oversight Committee
- Cognizant Agencies for Federal Grants
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by TAM as part of an audit quality review process

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

I. Assistance to be Provided to the Auditor

TAM management and clerical staff as well as TAM's consultants will be available during the audit to assist the firm by providing information, documentation and explanations.

The auditor will be provided with office space, access to a telephone, photocopying and fax machine during the field visits.

Proposal Requirements

A. General Requirements

Receipt of the following material is required by 3:00 p.m. on April 20, 2018 for a proposing firm to be considered:

1. One unbound original proposal (so marked) and four copies, plus one electronic copy of the proposal and all its appendices should be addressed to:

**Transportation Authority of Marin
900 Fifth Avenue, Suite 100
San Rafael, CA 94901
Attention: Ms. Li Zhang**

2. The proposal should include:
 - a) **Title page** showing the firm's name, the address and telephone number of the contact person, and the date of the proposal.
 - b) **Table of Contents**
 - c) **Transmittal letter** (signed) stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period specified, a statement of why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.
 - d) **Technical proposal** which follows the order set forth in "Technical Proposal Outline" of this request for proposals as in the below.
 - e) **References** for at least three similar clients from recent work. Provide a contact name and current phone number.

3. Any questions concerning this RFP must be submitted via email to Grace Zhuang at gzhuang@tam.ca.gov no later than April 10, 2018. Responses to all questions will be provided to all known interested parties by April 13, 2018.

B. Technical Proposal Outline

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake the independent audit of TAM in conformity with the requirements of this request for proposals. 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 proposals requirements.

The Technical Proposal should be no longer than 15 pages (single sided, 8-1/2" X 11" pages, with the minimum font size of 10). Please follow the outline below. Additional information can be included in an appendix to your proposal.

1. Independence

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

2. 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 the State of California.

3. Firm Qualifications and Experience

This includes the breadth and depth of the firm's experience in reviewing the financial activities of local government entities. Specifically, experiences with local transportation authorities or similar agencies in California are desirable.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Provide information on the government auditing experience of each person. Specific transportation-related auditing experience and familiarity with sales tax programs would be beneficial.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

5. 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 this request for proposal. Proposers will be required to provide the following information on their audit approach:

- a) Proposed segmentation of the engagement
- b) Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c) Proposed schedule for completion of the audit, including interim milestones
- d) Extent of use of computer assisted auditing techniques in the engagement
- e) Approach to be taken to gain and document an understanding of TAM's internal control structure
- f) Approach to be taken in determining laws and regulations that will be subject to audit test work

6. 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 TAM.

C. Fee Information

1. Total All-Inclusive Maximum Price

The cost proposal 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.

TAM 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 cost proposal should be submitted in the format provided in Appendix A, "Audit Work Cost Proposal Form" and Appendix B, "Estimate of Cost."

2. Manner of Payment

Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.

Proposal Evaluation and Award Procedure

A. Review Committee

TAM will work with the Citizens' Oversight Committee to establish a Review Committee to evaluate proposals and interview all final candidates. Staff will make a recommendation of one firm to the Board of Commissioner for its consideration and approval.

B. Tentative Selection Schedule

Deadline for proposals	April 20, 2018
Finalists determined by Review Committee	April 27, 2018
Oral interviews with finalists by Review Committee	Week of April 30, 2018
TAM Board review and approve the staff recommendation, start contract negotiations	May 2018 TAM Board Meeting

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals 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 regard to any other work performed by the firm for TAM

- c) The firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal
 - d) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work
2. Technical Qualifications
- a) The firm's past experience and performance on comparable government engagements
 - b) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - c) Adequacy of proposed staffing plan for various segments of the engagement
 - d) Thoroughness of approach to conducting the audit of TAM and demonstration of the understanding of the objectives and scope of the audit
 - e) Commitment to timeliness in the conduct of the audit
3. Maximum fees to conduct the audit

Solicitation Disclaimer

TAM reserves the right to reject any and all responses. All responses to this RFP become the property of TAM upon submission. The costs of preparing a proposal and participating in an interview are at the sole expense of the proposer.

Appendices

- Appendix A. Audit Work Cost Proposal Form
- Appendix B. Estimate of Cost
- Appendix C. FY2017-18 TAM Annual Budget
- Appendix D. Audited FY2016-17 Financial Statements

Appendix A

Audit Work Cost Proposal Form

Service	FY2017-18	FY2018-19	FY2019-20
TAM Audit and Related Reports	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$
Compliance Audits and Reports if needed	\$	\$	\$
Hourly Rate for technical assistance on an as needed basis	\$	\$	\$
Total for Fiscal Year (not-to-exceed)	\$	\$	\$

Appendix B

Estimate of Cost

Table 1: Hourly Rate by Staff

Position	FY2017-18	FY2018-19	FY2019-20
Partner	\$	\$	\$
Manager/Director	\$	\$	\$
Senior Accountant	\$	\$	\$
Staff Accountant	\$	\$	\$
Clerical	\$	\$	\$

Table 2: Work Hours by Staff

Position	FY2017-18	FY2018-19	FY2019-20
Partner			
Manager/Director			
Senior Accountant			
Staff Accountant			
Clerical			

Appendix C. FY2017-18 TAM Annual Budget

Please go to the following link for a copy of TAM's FY2017-18 Annual Budget:

<http://2b0kd44aw6tb3js4ja3jprp6-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/FY17-18-Budget-Revised-01-25-18.pdf>

Appendix D. Audited FY2016-17 Financial Statements

Please go to the following link for a copy of TAM's FY2016-17 Financial Statements:

<http://2b0kd44aw6tb3js4ja3jprp6-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/FY16-17-Financial-Statements.pdf>