

# **Sativa LA County Water District**

2015 E. Hatchway St.  
Compton, CA 90222

## **REQUEST FOR QUALIFICATIONS FOR EXTERNAL INDEPENDENT AUDITING SERVICES**

The Sativa LA County Water District (Sativa) requests 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 for the operations of the District.

The audit period will be for the fiscal year beginning July 1, 2014 and ending June 30, 2015 with options to renew for annual audits for the fiscal years ending June 30, 2016, 2017, 2018 and 2019. Price proposals for five years are requested along with qualifications,

### **I. Introduction and General Information**

The District requests qualifications from experienced certified public accountants for the preparation and audit report of the District’s financial state to the Sativa LA County Water District.

All inquiries relating to the technical aspects of the proposal should be directed to:

Thomas Martin, GM (310) 631-8176

#### **A. Description of Entity and Records to be audited**

The Sativa LA County Water District is a special district operating under the California Water Code and is located at 2015 E. Hatchway St. Compton, CA 90222. The District is governed by an elected Board of Directors. For additional information see the SLACWD web page [www.sativawd.com](http://www.sativawd.com) Previous years audited financial statements can be found under Financials.

#### **B. Nature of Services Required**

##### **1. The auditor will:**

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

b. The auditor shall communicate in a letter to management any reportable conditions found during the audit. 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.

c. The audit period is for the fiscal year July 1, 2014 through June 30, 2015.

2. 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.

3. No extended services will be performed unless authorized in the contractual agreement or in an amendment to the agreement. The District is seeking to engage an audit firm for fiscal year 2015 records. Although the term of the proposed agreement is for only one year, the District desires to retain the independent auditor for additional years if satisfactory terms of renewal can be negotiated.

#### C. Assistance Available to Auditor

1. The District staff will support the auditor by pulling any necessary documents.

2. The District staff will prepare all trial balances, detail supporting schedules (e.g., accounts receivable and accounts payable listings, fixed assets, etc.), reconciliation's of significant accounts, and other schedules as reasonably expected for the audit.

3. The District's outside Legal Counsel will be available to discuss pertinent legal issues to the District's financial statements.

4. The District staff will issue letters of representation, as required.

5. All documentation supporting the financial statements is located in the District office.

## II. Audit Report Requirements

A. The audit report will be prepared by the District's management 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,

B. The auditor's report relating to the examination of the business-type activities of the District's basic financial statements must (a) state the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards and (b) must include an opinion as to whether the statements conform to generally accepted accounting principles.

C. The audit report shall include at least the auditor's report on the study and evaluation of the internal control structure. It must identify the organization's significant internal accounting controls. This report must identify the controls not evaluated, and the material weaknesses

identified as a result of the evaluation.

D. A management letter that includes a statement of audit findings and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, legality of actions, other instances of non-compliance with laws and regulations and any other material matters.

E. Prior to the submission of the final report, the audit firm's staff will be required to review the draft of the report and management letter with District staff.

F. Any other applicable requirements of law of GASB.

### **III. Information Requested from responders to this RFQ**

A. 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.

B. Describe the most recent local and regional office auditing experience similar to the type of audit. Key criteria used to select firms to submit proposal will be experience with audits of special districts, especially water districts.

C. Time Considerations and Requirements

1. Qualification submittal - No later than September 4, 2015.

2. Respondent interviews - arranged individually after receiving proposal. All responders will not be interviewed.

3. Award of Contract – September, 2015.

G. Responses to this Request for Qualifications must be received by 4:00 p.m. on September 4, 2015. Responses are to be sent to:

Thomas Martin  
GM  
Sativa LA County Water District  
2015 E. Hatchway St.  
Compton, CA 90222  
tmartin@sativawd.com

The District reserves the right to reject any or all proposals and to waive any irregularities or informality in any proposal whenever such rejection of waiver is in the interest of the District. In the event that the District cannot negotiate a satisfactory contract with the top ranked Respondent or said Respondent does not execute the contract, the District may give notice to said Respondent of its intent to negotiate a contract with the next most qualified Respondent,

and so on, or may, if it so chooses, call for new proposals. When the final selections are made, and final negotiations are concluded, a professional services agreement (the "Contract") will be entered into with the successful firm.

Each Respondent must also submit a (**separate from the Qualifications proposal**) clearly marked on the sealed envelope or package "**PRICE PROPOSAL**", together with the Respondent's name. The Respondent may submit the separate Price Proposal inside the same package together with the separate Qualifications Proposal. The Price Proposal shall include all costs associated with providing the services required by the RFQ solicitation and detailed staffing table by major task that reflects total staff hours by individuals or discipline and hourly rates. Price proposals for five years are requested.