



# **PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT**

**REQUEST FOR PROPOSAL  
FOR  
PROFESSIONAL AUDITING SERVICES**

4176 Warbler Road  
Phelan, CA 92371

DECEMBER 2023

## **REQUEST FOR PROPOSAL (RFP) FOR PROFESSIONAL AUDITING SERVICES**

### **I. GENERAL DESCRIPTION**

The Phelan Piñon Hills Community Services District (District) is seeking proposals for the preparation of both financial and compliance audit reports covering the District and its related operations from qualified firms of certified public accountants. A complete description of services to be provided is described later in this document. The first reporting period to be audited is July 1, 2023 through June 30, 2024, with the option to audit the District financial statements for each of the four subsequent fiscal years. This request for proposal (RFP) consists of a Minimum Content of Responses, Required Scope of Auditor Services, District Background Information, and Not to Exceed Price for Proposed Services. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

### **II. CONTACT PERSON**

Questions regarding this RFP may be directed to the following:

Contact: Lori Lowrance, Assistant General Manager / CFO  
Telephone: (760) 868-1212 ext. 307  
Email: LLowrance@pphcsd.org

NOTE: You may access additional information including the budget and the prior year Annual Comprehensive Financial Report on the District website at [www.pphcsd.org](http://www.pphcsd.org). Quarterly financial statements can be found in the Finance Committee packages online, under Governance/Agendas and Minutes.

### **III. GENERAL INFORMATION FOR RESPONDING TO THE RFP**

1. **One bound copy and one unbound copy (suitable for automated copying) of Proposals relating to this RFP are to be received by Tuesday, January 16, 2024, at 5:00 p.m. FAXED INFORMATION WILL NOT BE CONSIDERED.**

PROPOSALS SHOULD BE DELIVERED TO:

Lori Lowrance, Assistant General Manager / CFO  
Phelan Piñon Hills Community Services District  
4176 Warbler Road  
Phelan, CA 92371

2. The Response should address, at a minimum, the information requested in the subsequent section entitled, "Minimum Content of Responses," the format should follow the same sequence as the Minimum Content of Responses section and should be based upon the attached Auditor Scope of Work. Responses may include relevant attachments or exhibits. Responses should be presented in a clear and concise format.

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3. The firm receiving the contract for auditing services shall procure and maintain, for the duration of the contract, insurance as required in the District's standard services contract.
4. The District reserves the right to accept or reject any and all proposals and to use any ideas in a proposal regardless of whether or not that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP and in the attached standard consulting services contract, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.
5. The District Finance Committee will be involved in the proposal review process. The Committee will consider a variety of factors in recommending the a firm to the District's Board of Directors, including evaluating the proposals for compliance with the requirements of the RFP. The following are several criteria to be used; the relative importance of each is not determined by the order shown:
  - a. Experience of the firm, and their staff, with performing audits of districts which are similar in scope.
  - b. Resources available for the timely completion of the audit and scheduling of the work.
  - c. References from similar engagements.
  - d. Cost of services.

During the evaluation process the District reserves the right to request additional information or clarifications from firms submitting proposals, or to allow corrections of errors or omissions.

#### **IV. MINIMUM CONTENT OF RESPONSES**

Participating Consultants are requested to provide the following information in their response.

- A. A title page showing the firm's name; the name, address and telephone number of the contact person; the date of the proposal.
- B. A signed letter of transmittal briefly stating that the firm submitting the proposal a) is properly licensed to practice in California (including all of the professional staff assigned to the engagement); b) agrees to perform all of the work outlined in the District's RFP within the time periods established by the District, and c) understands that the firm's proposal is a firm and irrevocable offer through at least June 30, 2024. The letter must contain a certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District.
- C. A report on its most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings. The firm also must disclose 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.

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- D. A description of the size of the firm's governmental staff and the firm's experience with districts of a similar nature and scope. Emphasis should be placed on assignments undertaken within the past three years and on engagements undertaken by the personnel proposed to be assigned to this agreement.
- E. Identify all personnel who will be assigned to work on this project and the firm's office in which they are each located. Include brief summaries of their background (including if they hold a current CPA license) and experience in auditing districts as well as their assigned responsibilities under the proposal.
- F. An affirmative statement that engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons **only** with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.
- G. The proposal should set forth an audit approach and methodology to be used to perform the services. This may include a discussion of approach to selection of sample size; use of specialized software; analytical procedures; approach to internal control structure; approach to determining laws/regulations subject to audit test work; identification of any anticipated problems, or special assistance required from District staff; and the format of the report.
- H. Provide an indication of the time required for the completion of each major phase of the project. Any assumptions regarding turnaround time for District staff or District Board review should be clearly noted. Also, provide a calendar as to when the firm will commit to completing work described in this proposal. Please note that the Auditor is responsible for identifying required review times for District input and must account for printing and distribution within any timelines identified in the Scope of Work.

For the District's Fiscal Year 2022-2023 audit, interim fieldwork took place in May and the final phase of fieldwork took place in the last week of August. District staff would like to continue with this schedule. Both interim and final fieldwork have taken approximately three days each to complete and would include any proposed audit adjustments from fieldwork. Draft copies of all audit reports have typically been delivered to staff during the first weeks of October, and to the Board of Directors in the first weeks of November, well in advance of the submittal deadlines for the GFOA.

In order to meet the deadline established by the GFOA Annual Comprehensive Financial Report (ACFR) award program, the Auditor will be held responsible for delivering 10 final versions of the bound ACFR to the District no later than December 15th of each year, unless the deadline is extended in writing by the District.

- I. Provide a listing of all districts for which the firm has performed audits during the last three years.

- J. Provide three references for your most representative projects including the following:
- 1) Name of Public Agency
  - 2) Name and Title of contact person
  - 3) Telephone Number of contact person
  - 4) Size of Enterprise Fund Budget and Government Fund Budget for the year most recently audited
  - 5) Size of Agency Finance Department Staff
  - 6) Brief description of the scope of the audit performed
- K. Provide fee information on the Not to Exceed Price for Proposed Services Schedule for the completion of the projects described in the Scope of Auditor Services section. The total maximum bid price is to contain all direct and indirect costs, including all out-of-pocket expenses. Costs and total hours required should be specified for each fiscal year. The District will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs shall not be included in the proposal.

Include an hourly fee quotation for all positions to be assigned. Identify an estimate of any reimbursable or non-direct costs, which would be applicable to the completion of the work. Identify proposed method of adjustment, if any, in the cost of services through subsequent years of the engagement.

#### **V. TENTATIVE SCHEDULE FOR SELECTION PROCESS**

Submittal Deadline	January 16, 2024, 5:00 p.m.
Screening of Submittals	January 17 – January 30, 2024
Presentations by Finalists to the Board of Directors	February 14, 2024, 5:00 p.m.
Final Selection by the Board of Directors	February 14, 2024

The schedule and its components are subject to change.

#### **VI. ACCEPTANCE OR REJECTION AND NEGOTIATION OF PROPOSALS**

The District reserves the right to reject any or all proposals, to waive any irregularities in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the District is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the District reserves the right to reject any and all proposals prior to the execution of the contract, with no penalty to the District.

## **SCOPE OF AUDITOR SERVICES**

### **I. General**

The Phelan Piñon Hills Community Services District (District) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2024, 2025 and 2026, with the option to audit the Phelan Piñon Hills Community Services District's financial statements for two additional fiscal years, at the sole discretion of the Board of Directors. These audits are to be performed in accordance with the provisions contained in this request for proposals. In addition, you will need to prepare the District's Annual Comprehensive Financial Report (ACFR) and prepare and file the State Controller's Report.

The District requests the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles, including GASB 34. The audit shall include an examination of all funds of the District by Certified Public Accountants duly authorized to practice as such by the State of California. 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.

Auditor shall review and verify all Trial Balance by Fund and all of the accounting detail necessary to perform the audit. An initial draft of the ACFR will be prepared by the auditor and given to the District for review. Final report preparation and necessary editing shall be the responsibility of the auditor. Reproduction of reports is discussed in Section V below.

Auditor shall submit for management review a draft of all reports. The final reports are subject to review by the District Finance Committee. Auditor shall incorporate, as part of the basic proposal, meeting time with staff and the committee for the purpose of discussing the audits or management letter and its conclusions.

### **II. Basic reports to be issued**

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

- A. Independent Auditor's Reports for the District - Reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including GASB 34 (including GASB 68 journal entries for accounting and financial reporting for pensions), based upon audits of the Basic Financial Statements of the District. The other supplementary information listed in the Table of Contents in the District's ACFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- B. Management Letters, which include findings, statements, observations, opinions, comments, or recommendations, related to:

1. Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
2. Compliance with applicable laws and regulations.
3. Accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness.

C. District's Financial Transactions Report to the State Controller.

**III. Number of copies of reports to be produced**

- A) ACFR: 10 bound copies, one (1) unbound copy and one (1) pdf file
- B) Management: 10 bound copies, one (1) unbound copy and one (1) pdf file
- C) Districts Financial Transactions Report to the State Controller: one (1) unbound copy, one (1) pdf

**IV. Standards to be followed**

To meet the requirements of this request for proposals, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing: Standards, and in the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

**V. Special considerations**

The District has achieved the award for the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association (GFOA) for the previous 9 years (2014 – 2022). The District will be submitting an application for award for the period ending June 30, 2023.

The District anticipates that it will continue to send its Annual Comprehensive Financial Report to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The format of reports shall allow the District to meet the requirements of that program. This also requires that the auditor ensure that the audit report and financial statements are complete in time for submission to GFOA. The auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.

**VI. Working Paper Retention and Access to Working Papers**

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All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years following completion of the audit, unless the firm 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, to the following parties or their designees:

- Phelan Piñon Hills Community Services District
- Parties designated by the federal or state governments or by the District as part of an audit quality review process
- Auditors of entities of which the District is a sub-recipient of grant funds
- State of California, Office of the State Controller

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

#### **VII. Assistance to be provided by the District**

- A. District staff will prepare the final closing of the books. The District will provide the auditors with a *Trial Balance by Fund* and all of the accounting detail necessary to perform the audit.
- B. District staff will generate the necessary confirmation letters prepared by the auditor.
- C. District staff will be available during the audit to assist the auditor by providing information, documentation, and explanations. All requests will first be directed to the Administrative Services Manager or Finance Technician(s).
- D. District will provide the auditor with reasonable workspace. Auditor will also be provided reasonable access to a telephone line, Wi-Fi connection, photocopier, and fax machine.



## **BACKGROUND INFORMATION**

### **GENERAL INFORMATION ABOUT THE DISTRICT**

The Phelan Piñon Hills Community Services District (District) was formed by dissolution from the County and formation of the District under LAFCO 3070 ([www.sbclafco.org/lafco3070.htm](http://www.sbclafco.org/lafco3070.htm)), effective March 18, 2008. The District provides water, parks and recreation, solid waste and recycling, and street lighting. The District has a staffing level of 27 employees and serves approximately 25,500 residents, including nearly 7,300 metered water customers, within an area of approximately 128 square miles. The District is located in San Bernardino County, in the high desert area.

The District is governed by an elected Board of Directors. The Board is comprised of five Board members, elected for four-year terms and is responsible for adopting ordinances, resolutions, and the annual budget, appointing committees and hiring the General Manager and Attorney. The General Manager is responsible for implementing the Board's policies, ordinances, and directives, for overseeing the day-to-day operations, and for hiring staff.

The District contributes to the California Public Employees' Retirement System (CalPERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

### **STAFFING / OPERATIONS**

The Finance Department is responsible for many aspects of District operations, including budget development, financial reporting, investments, accounts payable, accounts receivable, cash receipts, payroll, and utility billing. Currently the department consists of a CFO, a Finance Supervisor, a Finance Specialist, and a Finance Technician.

The primary software package used is the Tyler ERP Pro 10 system, which is used to process cash receipts, accounts receivable, accounts payable, inventory, fixed assets, CIP jobs, payroll, general ledger, and CIS. CIS includes utility billing and service order processing for the water customer accounts. The District's Operating and Capital Improvement Project Budgets are created in Microsoft Excel and are prepared on a basis consistent with generally accepted accounting principles.

**NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE**

In accordance with the Request for Proposal for Audit Services issued by Phelan Piñon Hills Community Services District, the firm referenced below hereby submits the following cost proposal:

	Year Ended June 30th				
Basic Reports to Be Issued	2024	2025	2026	2027	2028
District Audit, including ACFR, Management Letter, and Memo of Internal Controls					
Annual Report to State Controller					
Total					

In addition, please include below an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

	Hours	Hourly Rate
Partners		
Managers		
Supervisory Staff		
Professional Staff		
Clerical/Support Staff		
Other		

I hereby certify that the undersigned is authorized to represent the firm stated above, is empowered to submit this bid, and if selected authorized to sign a contract with the Phelan Piñon Hills Community Services District, for the services identified in the Request For Proposals.

Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_