

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

REQUEST FOR QUALIFICATIONS (RFQ) # BP0210

FOR PROGRAM AUDIT SERVICES

I. INTRODUCTION

A. General Information

The Children and Families Commission of Orange County (Commission) is requesting certified public accountant firms to submit qualifications to perform programmatic and fiscal audits of Commission funded programs (Program Audits). The Commission intends to establish a roster of no more than five (5) qualified firms to perform Program Audits under contract with the Commission on an on-call basis for three (3) years. Once selected as an on-call provider, firms will be selected for specific projects based on availability and experience in the specific scope and nature of the proposed audit and issued a project specific work order. The Commission anticipates requesting Program Audits for approximately ten (10) Contractor Agreements each fiscal year during the period July 7, 2010 through June 30, 2013. Historically, total demand for audit services has ranged between \$50,000 and \$60,000 annually.

There is no expressed or implied obligation for the Commission to reimburse responding firms for any expenses incurred in preparing a response to this RFQ. Further, there is no expressed or implied obligation for the Commission to enter into a contract with any qualified firm to perform any minimum number of Program Audits during the period July 7, 2010 through June 30, 2013.

To be considered, four (4) copies of firms' qualifications must be received at the Commission offices at 17320 Redhill Avenue, Suite 200, Irvine, CA 92614 by **4:00 p.m. on Monday, May 24, 2010**. The Commission reserves the right to reject any or all qualifications submitted. Qualifications submitted will be evaluated by staff and referred to the Evaluation Panel of the Commission for inclusion in the established roster.

During the evaluation process, the Commission reserves the right, where it may serve the Commission's best interest, to request additional information or clarification from firms, or to allow correction of errors or omissions.

The Commission reserves the right to retain all qualifications submitted; submission of qualifications indicates acceptance by the firm of the conditions contained in this RFQ and will be confirmed in contracts between the Commission and qualified firms.

It is anticipated the roster of qualified firms will be established in time for contract(s) execution effective July 7, 2010. Following the establishment of the roster of qualified firms, it is expected that contracts will be executed between the parties shortly thereafter.

Qualified firms shall submit claims for payment for services provided under contract to the Commission in a format and on a form approved by Commission staff. Commission shall make payment within a reasonable time period estimated at not more than thirty (30) days after receipt of properly completed documents.

B. Term of Project

The Commission expects to enter into one-year contract(s) with qualified firms, with two (2) optional one-year renewals. With a total contract term not to exceed a maximum of three (3) fiscal years, the contract is subject to:

- The annual review of the Firms' performance of Program Audits including consistency of staff, and recommendation of the Commission's Fiscal and Contracts Section;
- The satisfactory negotiation of terms, including a price acceptable to both the Commission and the selected firm(s); and
- The annual availability of an appropriation.

C. Subcontracting

Should any firm submitting qualifications consider subcontracting portions of Program Audits, that fact must be clearly identified in the qualification documents along with the name of the proposed subcontracting firms. Following acceptance of qualifications, no additional subcontracting will be allowed without the express prior written consent by the Chief Financial Officer of the Commission.

II. DESCRIPTION OF THE COMMISSION

The California legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, et seq. implementing the Children and Families First Initiative passed by the California electorate in November 1998 and establishing the California Children and Families Commission and County Children and Families Commissions.

The Children and Families Commission of Orange County adopted its First Strategic Plan to guide the allocation of Proposition 10 tobacco tax revenue funds to programs that meet the intent of voter initiative and benefit Orange County's children from birth through age five on February 16, 2000. The Commission has held public hearings in February 2001, February 2002, February 2003, and February 2004 to reconfirm its strategic directions for the new year.

The First Strategic Plan provides the backdrop for all funding decisions made by the Commission. It identifies the four goal areas for the Commission, as well as key strategies that the Commission has identified as necessary to successfully meet these goals. By state law, all projects to be funded with Proposition 10 funds must:

- ♦ Be linked to the Commission's Strategic Plan;
- ♦ Have defined targeted outcomes;
- ♦ Include a performance measurement program to track each program's progress in meeting defined outcomes.
- ♦ Augment, not supplant, existing programs, or be new services.

III. NATURE OF AUDITING SERVICES REQUIRED

A. General

The Commission funds programs for Orange County's children from birth through age five (0 – 5) focusing on the areas of Healthy Children, Strong Families, Children Learning and Ready for School, and an Integrated Quality Service System through Agreements with non-profit, for-profit, and public benefit corporations (Contractors). The Commission is soliciting the services of qualified firms of certified public accountants to perform programmatic and fiscal audit(s) of identified Commission programs. These audits are to be performed in accordance with the provisions contained in this RFQ.

B. Auditing Standards to be Followed

To meet the requirements of this RFQ, audit(s) shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in the General Accounting Office's (GAO) Government Auditing Standards (2007), the provisions of the federal Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments and Non-Profit Organizations. However, OMB A-133 recognizes the limitations of a single audit performed under OMB A-133 for [Contractors]. More extensive program specific auditing procedures may need to be performed to fulfill the Commission's responsibilities to properly monitor Contractors.

C. Reports to be Issued

Following the completion of each audit, based on interviews and/or review of related documents to ensure contractual requirements including compliance with applicable laws and regulations are met, the auditor shall issue a report detailing:

1. The fair presentation of invoices submitted to the Commission for services provided and a statement that there is (is not) adequate documentation to support claims made.
2. The Contractor's internal personnel, accounting, licensing, and other control structures based on the auditor's understanding of the control structures and assessment of control risk. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, and referred to in the report on internal controls. For each Contractor audited, the Audit firm shall prepare a separate management letter and the management letter shall be submitted at the same time as the draft audit reports. It is important that management letters provide sufficient detail to allow the Commission to provide technical assistance to assist Contractors to improve their systems. The management letters shall set forth the following:
 - Material findings and recommendations for improvement resulting from the survey of systems of internal control.
 - Material findings and recommendations for improvements in accounting systems.
 - Material findings of non-compliance with laws, rules and regulations.
 - Any other material items coming to the attention of the auditors.

3. The Contractor's compliance with general contractual requirements as detailed in the Agreement's "Boilerplate" language (Agreement). The report on compliance shall include all instances of non-compliance.
4. The Contractor's completion of contractual requirements for service provision as detailed in the Agreement's "Scope of Work" (Exhibit A) and "Work Plan" (Exhibit A-1).
5. Reportable conditions that are also material weaknesses.
6. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware of during the course of performing an audit to the following parties:
 - ◆ Chair, Board of Commissioners
 - ◆ Executive Director
 - ◆ Chief Financial Officer

D. 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 three (3) years, unless the firm is notified in writing by the Commission of the need to extend the retention period. 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.

IV. TIME REQUIREMENTS

A. Key Dates for RFQ BP 0210:

RFQ issued	May 3, 2010
Due date for qualifications	May 24, 2010 at 4:00 p.m.
Qualified firm(s) notified	June 21, 2010
New Agreement(s) in effect	July 7, 2010

B. Date Services May Commence:

The Commission will notify its Contractors of the firm providing audit services and require the Contractor to establish dates for the audit and to cooperate with the firm during the audit.

C. Schedule for Audits to be performed: The Commission will provide ten (10) business days notice to qualified firms before each audit is to be performed.

V. PROGRAM AUDIT COMPONENTS

The Commission estimates that each audit should require approximately thirty (30) hours to complete. This estimate does not include the auditor's production of, or the firm's review of draft or final audit documents, the printing of reports or entrance or exit interviews – please ensure the "Total Cost Per Program Audit" in Section C.1 includes these elements. The Commission shall, to the best of its abilities, notify the auditor in advance if an audit is expected to exceed thirty (30) hours to complete based on individual contractual complexities and circumstances. Additional work/staffing required shall be authorized in

advance by the Commission and shall be based on the hourly rate as specified in Section C of this RFQ. Program Audit Components are as follows:

- A. **Entrance Interview** – Commission, Contractor, and Auditor representatives shall meet to establish specific audit criteria.
- B. **Document Review** – Commission shall provide Auditor with copies of all appropriate Agreement documents at the Entrance Interview. Auditor shall complete review of Agreement documents and begin fieldwork within seven (7) calendar days of the Entrance Interview.
- C. **Fieldwork** – The Auditor shall perform interviews and examine Contractor records, files and documents to determine compliance with contractual fiscal and programmatic requirements including verification of units of services reported via Commission’s electronic data collection, evaluation and reporting system. All fieldwork shall be completed within fourteen (14) calendar days after document review.
- D. **Draft Audit Report** – The Auditor shall prepare a written draft report with findings and recommendations and submit draft to identified Commission and Contractor representatives no later than seven (7) calendar days after fieldwork is completed.
- E. **Audit Response** – Commission and/or Contractor representatives shall respond in writing to Auditor no later than fourteen (14) calendar days after Auditor submits draft audit report.
- F. **Exit Conference** - Commission, Contractor, and Auditor shall meet within seven (7) calendar days of written Audit Response to discuss draft audit findings and recommendations.
- G. **Final Report** - The auditor shall submit the Final Audit Report, including Contractor and/or Commission response(s) to identified Commission and Contractor representatives within seven (7) calendar days of the Exit Conference.

VI. ADDITIONAL SERVICE COMPONENT. The Commission may request programmatic and/or fiscal monitoring of Contractors from firms qualified to perform in those areas. Additional work/staffing required shall be requested and authorized in advance by the Commission and shall be based on the hourly rate(s) as specified in Section C of this RFQ. Additional work will include an examination of specific programmatic and/or fiscal areas identified by Commission’s representative, a report of the results of the examination, and recommendations for remedy, if any, which may include limited term technical assistance performed by the firm.

VII. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

A. Contractor Assistance during Audit

The Commission will ensure that Contractor staff and responsible management personnel are available during the audit to assist the firm by providing direction to needed sources of information, documentation, systems documentation and explanations.

B. Work Area, Telephones, Photocopying and FAX Machines

The Commission will ensure that Contractors provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities and FAX machines for purposes related to completing the audit. Any toll call shall not be charged to the Contractor.

C. Report Preparation

Report preparation, editing, and printing shall be the responsibility of the auditor.

VIII. QUALIFICATION REQUIREMENTS

A. General Requirements

1. Inquiries regarding this qualification process, and submittals should be directed to Barbara Phillips, Director of Contracts Administration for the Children and Families Commission of Orange County at:

Children and Families Commission of Orange County
17320 Redhill Avenue, Suite 200
Irvine, CA 92614
(714) 568-5718

barbara.phillips@cfcoc.ocgov.com

2. Submission of Qualifications

Four (4) copies of the firm's qualifications must be received by May 24, 2010 by 4:00 p.m. for a firm to be considered including:

- a. **Title Page** - Showing the RFQ subject; the firm's name; the name, address and telephone number of the contact person; and the date.

- b. **Certification of Qualifications**

Return a copy of the entire completed certification properly executed as provided for in Section A, including certification that the person signing is entitled to represent the firm, authorized to submit qualifications, and sign a contract with the Commission and that briefly states Proponents' understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be qualified to perform the project and a statement that the proposed price for audit services is a firm and irrevocable offer for three (3) months.

- c. **Independence**

The firm shall provide an affirmative statement that it is independent of the Commission as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (2007).

- d. **Firm Qualifications and Experience**

Qualified Audit Firms must be licensed in the state of California with expertise in performing audits relevant to federal/state/county-funded sub-recipients.

Qualified Firms must be able to provide staff with at least two (2) years of governmental audit experience for the provision of services pursuant to this RFQ. **To the extent possible, the Commission expects consistency of staff assigned to perform Program Audits.**

Qualified Firms will demonstrate at least three years of experience in completing the following including, but not be limited to, examinations of Contractor financial, programmatic, and statistical records to ensure compliance with contract requirements and applicable statutes and regulations, to assist the Commission in its monitoring of Contractors.

Proposals should include:

- References for at least three clients for whom comparable audits were completed in the last three years. For each client reference include:
 - ◆ Name of Client (Firm or Individual)
 - ◆ Project Description
 - ◆ When Completed
 - ◆ Client Reference Name and Contact Information

e. Partner, Supervisory, and Staff Qualifications and Experience

- In a one-page resume per individual; identify the principal supervisory and management staff, including project partners, managers, other supervisors and specialists, who would be available to supervise audit services provided under this RFQ. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California.
- In a one-page resume per individual; identify specific staff that will provide services under this RFQ and include qualifications, general experience in providing substantially similar audit services and training, including relevant continuing professional education. **To the extent possible, the Commission expects consistency of staff assigned to perform services under this RFQ.**

Project partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm. These personnel may also be changed for other reasons with the express prior written permission of the Commission. However, in either case, the Commission retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFQ can only be changed with the express prior written permission of the Commission.

Other audit personnel may be changed at the discretion of Proponents provided that replacements have substantially the same or better qualifications or experience.

f. Similar Audit Services Provided

Return a copy of completed Section B.

g. Pricing for Audit Services

Return a copy of completed Section C.

IX. EVALUATION PROCEDURES

- A. Qualifications will be evaluated by an Evaluation Panel to be determined by the Commission.
- B. The following represent the principal selection criteria which will be considered during the evaluation process to establish a roster of no more than five (5) qualified firms:
 - The Applicant is properly licensed in California and in good standing with appropriate industry governing bodies. **(Prerequisite to continuing through Evaluation Process)**
 - The Applicant firm's demonstrated experience in performing comparable projects pursuant to this RFQ (30%)
 - The Applicant's identified staff qualifications and demonstrated experience in performing comparable projects pursuant to this RFQ. **[To the extent possible, the Commission expects consistency of staff assigned to perform services]** (30%)
 - The Applicant adheres to the instructions in this RFQ in submitting qualifications. (15%)
 - Pricing (25%)
- C. Commission reserves the right without prejudice to reject any or all submitted qualifications.

X. GENERAL REQUIREMENTS

- A. **Contract** - The Commission will develop a contract based on its usual and customary terms and conditions incorporating the requirements outlined in the RFQ document and the responses of the qualified firm(s). Firms may view Commission's usual and customary terms and conditions on its website at www.occhildrenandfamilies.com.
- B. **Taxes** - All bids are to include any and all applicable taxes.
- C. **Personnel** - Project partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. The personnel may also be changed for other reasons with the expressed prior written permission of the Commission. However, in either case, the Commission reserves the right to accept or reject any or all replacements.

Firm specialists identified in response to the RFQ can only be changed with the expressed prior written permission of the Commission, which reserves the right to approve or reject any or all replacements.

Other staff personnel may be changed at the discretion of firms provided that such replacements have substantially the same or better qualifications or experience.
- D. **RFQ Interpretations and Addenda** - Any change to or interpretation of the RFQ by the Commission will be sent to each firm or individual to whom an RFQ has been sent and any such changes or interpretations shall become a part of the RFQ for incorporation into any contract awarded pursuant to the RFQ.

- E. **Public Record** - All qualifications submitted in response to this RFQ will become the property of the Commission and a matter of public record.
- F. **Additional Services** - The general service requirements outlined above describe the minimum work to be accomplished. Upon final selection of the firm(s), the scope of service may be modified and refined during negotiations with the Commission.
- G. **Undue Influence** – The firm declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Commission in connection with the award or terms of the Agreement that will be executed as a result of award of this RFQ, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Commission will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of the firm, in connection with the award of the Agreement or any work to be conducted as a result of the Agreement. Violation of this Section shall be a material breach of the Agreement entitling the Commission to any and all remedies at law or in equity.

SECTION A

**CERTIFICATION OF QUALIFICATIONS TO
THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

- 1. The undersigned certifies that he/she is authorized by the firm to submit its qualifications and pricing for Program Audits and, by doing so, agrees to furnish services to the Commission in accordance with the Request for Qualifications (RFQ) dated May 3, 2010.
- 2. This firm has carefully reviewed its qualifications and understands and agrees that the Commission is not responsible for any errors or omissions on the part of the firm.
- 3. It is understood and agreed that the Commission reserves the right to accept or reject any or all firms' qualifications and to waive any informality or irregularity in a document received by the Commission.
- 4. The document includes all of the commentary, figures and data required by the Request for Qualifications, dated May 3, 2010.
- 5. This firm has carefully read and fully understands all of the items required in Section VI & Section VIII. This firm agrees to all requirements except those listed on an attachment.
- 6. This is an irrevocable offer and shall be valid for 90 days from May 3, 2010.

Name of Firm: _____

Signature of Official: _____

Name (typed): _____

Title: _____

Address: _____

Date: _____

SECTION B

SIMILAR AUDIT SERVICES

Provide an approximation of the total number of organizations the firm has provided similar programmatic and fiscal audit services in each funding category during the previous three (3) years, and, if appropriate, list the organization(s) who were recipients of Children and Families Commission of Orange County funding (use additional pages if necessary).

The information on recipients of Children and Families Commission of Orange County funding will not impact selection of qualified firms; the information will be used only to avoid any appearance of a conflict of interest in scheduling audits.

At least one (1) of the audits listed in each category must cover services performed in the past year. Audit services provided should be similar to those services described in this solicitation.

1. Number of audits performed for organizations with \$10,000 - \$499,999 in annual revenues: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

2. Number of audits performed for organizations with \$500,000 - \$2,999,999 in annual revenues: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

3. Number of audits performed for organizations with in excess of \$3,000,000 in annual revenues: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

Organization/Agency Name: _____

SECTION C

PRICING FOR PROGRAM AUDIT SERVICES

The firm submitting the qualifications acknowledges that the price submitted includes all expenses related to the performance of all services and furnishing all staffing and materials called for and for any reasonably foreseen difficulties under the responsibility of the firm for each Program Audit to be performed in accordance with this RFQ.

The firm acknowledges that in accepting the firm’s pricing, the Commission makes no guarantee to enter into a contract to perform any minimum number of Program Audits.

1. Total Cost for each Program Audit: \$ _____
(See Section V, Program Audit Components BEFORE completing)

2. Extra Work

Following are the hourly rates used to provide the cost for the audits as listed in Item 1 above and is the basis for each Labor Classification as itemized below.

The hourly rate quoted shall be the rate used to determine the cost should additional work/staffing be required on behalf of the Commission. Any additional work/staffing shall be authorized by the Commission, in writing, on a case-by-case basis. Hourly rates shall be as set forth herein and these rates shall be inclusive of general and administrative expenses which includes staff fees, expenses, travel, per diem, labor, materials, and all other requirements necessary to perform authorized changes or extra services that will be implemented in accordance with this contract and within the intent of the services as set forth in this contract. Hourly rate for work performed shall be billed to the nearest quarter hour.

<u>Labor Classifications</u>	<u>Rate</u>
Partners	\$ _____ per hour
Managers	\$ _____ per hour
Supervisors	\$ _____ per hour
Senior Accountants	\$ _____ per hour
Staff Accountants	\$ _____ per hour

AUTHORIZED SIGNATURE: _____

Title: _____