



San Mateo  
County  
Libraries

**San Mateo County Libraries**

REQUEST FOR PROPOSALS

FOR

**PROFESSIONAL AUDITING SERVICES**

Release date: March 14, 2019

Responses due: April 5, 2019 by 4:00 p.m.

# SAN MATEO COUNTY LIBRARIES

## REQUEST FOR PROPOSALS

### PROFESSIONAL AUDITING SERVICES

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### **Statement of Intent**

San Mateo County Libraries Joint Powers Authority ("Library JPA") is soliciting proposals from qualified certified public accounting firms to conduct the annual independent audit of the Library JPA's financial transactions and to express an opinion on the fairness of the presentation of the Library JPA's financial statements. These audits are to be performed in accordance with auditing standards generally accepted in the United States.

### **Nature of Services Required**

The audit firm shall form and express an opinion as to the fair presentation of the basic financial statements of the Library JPA and the financial position of those funds covered in the scope of this audit in accordance with accounting principles generally accepted in the United States and applicable laws and regulations. The audit firm shall also be required to provide an opinion on the Library JPA's compliance with current governmental GAAP and applicable GASB pronouncements.

The audit firm shall communicate in writing such matters related to control deficiencies identified during the audit that are considered significant deficiencies or material weaknesses, including matters that were communicated in previous audits and have not yet be remediated. The audit firm shall also communicate significant matters related to the audit that are relevant in overseeing the financial reporting process. A letter indicating no material weaknesses or areas for improvement would be required if no findings exist.

Should the Library JPA require a Single Audit the audit firm must meet the minimum requirements for financial and compliance audits as prescribed by the Office of Management and Budget Circular. The independent auditor shall determine:

- That the financial statements of the Library JPA present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
- That the Library JPA has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations.
- The Library JPA has complied with laws and regulations that may have a material effect on its financial statements and on each major Federal financial assistance program.

At the end of each annual audit, the audit firm shall issue the following separate reports:

- Basic Financial Statements – San Mateo County Libraries Joint Powers Authority
- Required Communications Report
- Single Audit Act Opinions, if applicable

The audit firm will also be responsible for completing and filing the Special Districts Financial Transactions Report and Special Districts Local Government Compensation Report required by the State Controller's Office.

Report preparation, editing, and printing shall be the responsibility of the auditor. The final report, accompanied by thirty (30) bound signed copies and one (1) unbound signed copy, should be delivered to the San Mateo County Libraries Administration Office at 125 Lessingia Court, San Mateo, California 94402.

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 Library JPA of the need to extend the retention period. 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.

Exit conferences are required for each year of the audit engagement to include the Library Director and Financial Services Manager. The auditor will also be required to attend and provide a brief report at meetings held when the final audit is presented to the Library JPA Operations Committee (typically in mid-January), and Library JPA Governing Board (typically in early February).

Each of the following should be completed by the auditor not later than the dates indicated. Should the Library JPA require additional time up to 40 days, the audit firm shall ensure that the necessary auditor resources remain available to complete the audit as close to the scheduled dates as possible.

- Detailed Audit Plan: The audit firm shall provide the Library JPA by June 30 a list of all schedules to be prepared by the Library JPA staff.
- Fieldwork: The audit firm shall complete all fieldwork by September 29.
- Draft Reports: The audit firm shall have drafts of the audit report and

- recommendations to management available for review by November 1.
- Special Districts Financial Transactions Report and Special Districts Local Government Compensation Report: The audit firm shall submit to the State Controller's Office the Special Districts Financial Transaction Report and Special Districts Local Government Compensation Report within the deadlines established by the State Controller's Office.
  - Final Reports: The audit firm shall submit final electronic and bound copies of the reports by November 30.

### **Assistance to be Provided to the Auditor**

- Library JPA staff will be available during the audit to assist the firm by providing information, documentation and explanations.
- Library JPA staff will put the auditor in contact with appropriate staff in the County Controller's and Treasurer's Office as needed.
- The Library JPA will provide the auditor with reasonable work space, a table and chairs. The auditor will also be provided with access to a telephone line, and photocopying, subject to restrictions which may arise because of normal workload demands of the Library JPA staff.

### **Other Background**

The Library JPA operates twelve community libraries, a Bookmobile, a Lookmobile and an administrative facility. Established in 1912 as a Special District County Free Library governed by the County Board of Supervisors, in 1999, the Joint Powers Authority was formed and is comprised of the cities of Atherton, Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley, San Carlos, Woodside, and the County of San Mateo. The Library JPA is governed by a board consisting of representatives from each member entity. Oversight responsibility, the ability to conduct independent financial affairs, approve budgets, sign contracts, and otherwise influence operations and account for fiscal matters is exercised by the Governing Board. The Library JPA budget uses a General Fund and Capital Reserve Fund and prepares its budgets on a modified accrual basis.

The accounts of the Library JPA are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The County Auditor/Controller maintains the Library JPA's automated accounting system utilizing OFAS (OneSolution Financial Accounting System). This system is a client/server, on-line processing system. Accounts payable, accounts receivable, payroll accounting, and budgeting are fully integrated with the general ledger.

The total FY 2018-19 budget is \$54 million including reserves. The Library JPA has a total payroll of approximately \$19 million, with 122 full and part-time permanent staff members. Under the terms of the Library JPA Agreement, staff are County employees. The Library JPA's fiscal year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>. More detailed information about the Library JPA can be found on our webpage at **smcl.org** (select About Us, Organization, JPA Governing Board). The prior year audit report is available for review online at <https://smcl.org/wp-content/uploads/sites/22/2019/01/JPA-02-04-2019.pdf>.

### **Request for Proposals Schedule of Events**

The Request for Proposals (RFP) schedule represents the best estimate of the timeline that shall be followed. The Library JPA reserves the right, at its sole discretion to adjust this schedule as it deems necessary.

1.	Library Issues RFP	March 14, 2019
2.	Deadline for Comments	March 22, 2019
3.	Library Issues Responses to Comments	March 29, 2019
4.	Deadline for Submitting a Proposal	April 5, 2019
5.	Library Completes RFP Evaluation	May 15, 2019
6.	Anticipated Contract Start Date	June 30, 2019

### **Contract Duration**

The Library JPA intends to enter into a three (3) year contract beginning with fiscal years ending June 30, 2019, 2020 and 2021. Providing that both parties agree, this Agreement shall be renewable for two (2) additional one (1) year periods, under the same terms and conditions. Said renewals shall be upon written letter agreement signed by the Contractor and the Library Director.

### **Submitting a Project Proposal**

This RFP seeks the submission of proposals to provide services from any and all interested and qualified proposers. Proposers must be able to show that they are

capable of performing the services requested. Such evidence includes, but is not limited to, the respondent's demonstrated competency and experience in delivering services of a similar scope and type.

By submitting a proposal, each proposer certifies that its submission is not the result of collusion or any other activity which would tend to directly or indirectly influence the selection process. The proposal will be used to determine the proposer's capability of rendering the services to be provided. The failure of a proposer to comply fully with the instructions in this RFP may eliminate its proposal from further evaluation as determined at the sole discretion of the Library JPA. The Library JPA reserves the sole right to evaluate the contents of proposals submitted in response to this RFP and to select a contractor, if any.

If changes to the RFP are warranted, they will be made in writing, clearly marked as addenda to the RFP, and posted to the website (**smcl.org**). It is the responsibility of each proposer to check the website (**smcl.org**) for changes and/or clarifications to the RFP prior to submitting a response. A proposer's failure to do so will not provide a ground for protest.

Costs for developing proposals are entirely the responsibility of the proposer and shall not be charged to the Library JPA or otherwise reimbursed by the Library JPA. The RFP and all materials submitted in response to this RFP will become the property of the Library JPA.

Project proposals must be received by San Mateo County Libraries by April 5, 2019 at 4:00 pm PDT. Please refer to "Proposal Submission Requirements" for additional instruction. Proposals should be delivered to:

San Mateo County Libraries  
Danae Ramirez, Financial Services Manager  
125 Lessingia Court

San Mateo, California 94402-4000 or via email: ramirezd@smcl.org  
Proposals received late will not be opened or given any consideration for the proposed services unless doing so is deemed to be in the best interest of the Library, as determined at the sole discretion of the Library.

### **Communication Regarding the RFP**

Upon release of this RFP, all communications concerning this project must be directed to Danae Ramirez, the RFP Coordinator. Unauthorized contact regarding the RFP with other Library employee's may result in disqualification. Written questions should be submitted by email to [ramirezd@smcl.org](mailto:ramirezd@smcl.org) by March 22, 2019. The Library JPA shall respond in writing and reserves the right, at its sole discretion, to determine appropriate and adequate responses to written comments, questions, and requests for clarification. Responses will be posted on the Library's website ([smcl.org](http://smcl.org)) by March 29, 2019.

### **Contract Approval**

The RFP and selection processes do not obligate the Library JPA and do not create rights or claims of entitlement in the apparent best evaluated proposer. Contract award shall commence only after the contract is signed by the Contractor and by Library JPA officials as required by regulations to establish a legally binding contract.

### **Public Records Act**

Government Code Sections 6550 *et seq.*, the California Public Record Act, defines a public record as any writing containing information relating to the conduct of the public business. The Public Record Act provides that public records shall be disclosed upon written request and that any citizen has a right to inspect any public record unless the document is exempted from disclosure.

Be advised that any contract that eventually arises from this RFP is a public record in its entirety. Also, all information submitted in response to this RFP is itself a public record without exception. Submission of any materials in response to this RFP constitutes a waiver by the submitting party of any claim that the information is protected from disclosure. By submitting materials, (1) you are consenting to release of such materials by the Library JPA if requested under the Public Records Act without further notice to you and, (2) you agree to indemnify and hold harmless the Library JPA for release of such information.

If the Library JPA receives a request for any portion of a document submitted in response to this RFP, the Library JPA will not assert any privileges that may exist on behalf of the person or entity submitting the proposal, and the Library reserves the right to disclose the requested materials without notice to the party who originally submitted the requested material. To the extent consistent with the Public Records

Act and applicable case law interpreting those provisions, the Library JPA and/or its officers, agents, and employees retain discretion to release or withhold any information submitted in response to this RFP.

Submission of a proposal constitutes a complete waiver of any claims whatsoever against the Library JPA and/or its officers, agents, or employees that the Library JPA has violated a proposer's right to privacy, disclosed trade secrets, or caused any damage by allowing the proposal to be inspected.

### **Proposal Evaluation**

All proposals received will be evaluated by an RFP Evaluation Committee. During the evaluation process, the Library JPA may require a proposer's representative to answer specific questions orally and/or in writing. The most qualified individual or firm will be selected based on the overall strength of each proposal. The evaluation is not restricted to considerations of any single factor, such as cost. The Library JPA reserves the right to negotiate with any provider in working to finalize an agreement.

The criteria used as a guideline in the evaluation will include, but not be limited to, the following:

- Firm qualifications and experience, including capability and experience of key personnel and experience with other public agencies to provide similar governmental auditing services in the State of California
- Proposed approach, including clarity of understanding of the scope of services to be provided and appropriateness of the proposed solution/services
- History of successfully managing other contracts with public agencies, County Free Libraries and Joint Powers Authorities
- Ability to meet any required timelines or other requirements
- Claims and violations against you or your organization
- Cost to the Library JPA for the primary services described by this RFP
- References
- Compliance with Library RFP and contractual requirements

The Library JPA may consider any other criteria it deems relevant, and the Evaluation Committee is free to make any recommendations it deems to be in the best interest of the Library JPA. Inaccuracy of any information supplied within a

proposal or other errors constitute grounds for rejection of the proposal. However, the Library JPA may, at its sole discretion, correct errors or contact a proposer for clarification.

Note that the Library JPA reserves the right to evaluate proposals solely based on each vendor's written submission. In relation to written materials, evaluation will be performed only on the material included directly in the proposal itself unless otherwise indicated or requested by the Library JPA. The evaluation team will not access company web sites or read sales brochures, marketing materials, or white papers in evaluating vendor experience or proposed methodology unless doing so is in the Library JPA's best interest. You may submit additional materials or reference on-line information in your proposal if you wish, but these will not necessarily be considered during the proposal evaluation process.

### **Notice to Proposers**

The Library JPA is not required to give notice to proposers in any specific format or on any particular timeline. At some point prior to execution of a final agreement for the requested services, the Library JPA will notify those who submitted proposals of their non-selection. Proposers may be notified at different times depending on the needs of the Library JPA.

### **Protest Process**

If a proposer desires to protest the selection decision, the proposer must submit by email a written protest within five (5) business days after the delivery of the notice about the decision. Protests received after the deadline will not be accepted. Protests must be in writing and must state all the specific ground(s) for the protest. A protest that merely addresses a single aspect of the selected proposal (for example, comparing the cost of the selected proposal in relation to the non-selected proposal) is not sufficient to support a protest. A successful protest will include sufficient evidence and analysis to support a conclusion that the selected proposal, taken as a whole, is an inferior proposal.

The RFP Coordinator will respond to a protest within ten (10) business days of receiving it. The decision of the RFP Coordinator will be final. The protest letter must be sent by facsimile and email to:

Danae Ramirez, Financial Services Manager

[ramirezd@smcl.org](mailto:ramirezd@smcl.org)

## **Administrative Requirements**

The Library JPA has certain insurance requirements that must be met. In most situations those requirements include the following: the contractor must carry \$1,000,000 or more in comprehensive general liability insurance; the contractor must carry motor vehicle liability insurance, and if travel by car is a part of the services being requested, the amount of such coverage must be at least \$1,000,000; if the contractor has two or more employees, the contractor must carry the statutory limit for workers' compensation insurance; if the contractor or its employees maintains a license to perform professional services (e.g., architectural, legal, medical, psychological, etc.), the contractor must carry professional liability insurance; and generally the contractor must name the Library and its officers, agents, employees, and servants as additional insured on any such policies (except workers compensation). Depending on the nature of the work being performed, additional requirements may need to be met.

If the services being requested will require you or your employees to travel to the Bay Area, and if the Library JPA opts to permit travel expenses to be reimbursed, there are some general guidelines regarding reimbursement rates that will apply. In general, the following restrictions should be kept in mind: reimbursement for the actual cost of lodging, meals, and incidental expenses ("LM&I Expenses") is limited to the then-current Continental United States ("CONUS") rate for the location of the work being done, as set forth in the Code of Federal Regulations and as listed by the website of the U.S. General Services Administration (available online by searching [www.gsa.gov](http://www.gsa.gov) for the term 'CONUS'); airline and car rental travel expenses ("Air & Car Expenses") are limited to reasonable rates obtained through a cost-competitive travel service (for example, a travel or car-rental website), with air travel restricted to coach fares and car rental rates restricted to the mid-level size range or below; and certain other reasonable travel expenses ("Other Expenses") such as taxi fares, parking costs, train or subway costs, etc. may be reimbursable on an actual-cost basis. You should not assume that the Library will permit travel from the Bay Area to be reimbursed, and your proposal should include such travel costs, if applicable. Travel costs should be minimized or eliminated in order for a proposal to be competitive.

## **Proposal Submission Requirements**

All proposals should be prepared have consecutively numbered pages, including any exhibits, charts, or other attachments.

Provide a one-page cover letter on your letterhead which includes the address, phone numbers, and e-mail address of the contact person or persons and an indication of who is authorized to represent the proposer in negotiations. Unless the proposer is an individual, all proposals must be signed with a firm/company/partnership/entity name and by a responsible officer or employee indicating that officer or employee's authorization to commit the proposer to the terms of the proposal. Obligations assumed by such signature must be fulfilled.

The proposer should be sure to include all information that it feels will enable the Library JPA to make a decision. Failure of the proposer to provide specific, detailed information may result in its proposal being rejected in favor of a sufficiently detailed proposal.

Please ensure that your proposal is uses the following sections:

### **Section 1 Firm Qualifications and Experience:**

All respondents must provide the following information and should disclose the office that will be providing resources for the audit and respond to these qualifications as they relate specifically to that office.

- Affirmation that the proposer is properly licensed for public practice as a certified public accountant in the State of California.
- Affirmation the proposer meets the independence requirements of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions", as published by the U.S. General Accounting Office and the State of California.
- Affirmation the respondent and any employees proposed to be assigned to this audit do not have a record of substandard audit work nor have any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy.
- Affirmation that the office has successfully completed two or more engagements of similar local agencies as the Library. List two of the local agencies whose financial audits were performed by the proposer and staff included.
- Proposals shall include a statement by the firm as to its plans and commitments relative to providing a continuity of personnel. The Library

reserves the right to request replacement of any members of the firm's auditing team prior to and during the course of the audit if circumstances warrant, and similarly, the Library requests that it be notified, in advance, of any changes made by the auditing firm concerning the make-up of the auditing team after work has begun.

- Proposals shall include a copy of the proposing firm's most recent external quality control peer review with a statement whether that quality control peer review included a review of specific government engagements.

## **Section 2 Specific Audit Approach:**

Provide the following information on the proposer's audit approach:

- Provide a straightforward, concise description of the audit firm's capabilities to satisfy the requirements of the RFP.
- Provide information regarding the number, qualifications, experience and training of specific staff to be assigned to this engagement. Indicate how the quality of the staff over the term of the agreement will be assured.
- Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of the work and the level of staff to be assigned. Where possible, individuals should be named and their titles provided. The audit work plan should cover what audit work will be accomplished to allow the auditor to render:
  - An unqualified opinion report on the financial statements.
  - A standard management letter in accordance with Statements of Auditing Standards.
  - Applicable Single Audit Report opinions.
  - Include an example report representing the above.

## **Section 3 Cost to the Library JPA for Primary Services:**

Provide a detailed explanation for all costs associated with providing the requested services. The proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses. These prices will not be considered a firm fixed contract. The Library JPA proposes to fix future contract price by comparison to the Bay Area Consumer Price Index or similar indexes.

Progress payments 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 cost proposal. Interim billings shall cover a period of not less than a

calendar month. The final ten percent (10%) will be withheld pending delivery of the firm’s final reports.

Please state briefly any qualifications you may have regarding your proposed fees (e.g., out of pocket expenses, fee increases, extraordinary services, etc.). Include also the following information:

**Schedule of Fees and Expenses**

Activity	Anticipated Hours Expended	Total
Basic Financial Statement Audit		\$
Required Communications Report		\$
Single Audit Act Report, if necessary		\$
Other Expenses (specify)	\$	
	\$	
Total All-inclusive Maximum Price for the 2019-2020 Engagement	\$	

If it should become necessary for the Library JPA to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Library JPA and the Contractor. Any such additional work agreed to between the Library JPA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

**Hourly Rates of Auditing Personnel for Additional Services**

Personnel Type/Function	Hourly Rates
	\$
	\$
	\$

**Rates for Other Additional Expenses**

Type/Specify	Rates
	\$
	\$
	\$

**Section 4   References:**

List at least three business references for which you have recently provided similar services, preferably from JPA's, library systems or public agencies. Include contact names and phone numbers for all references provided.

**Section 5   Claims and Violations Against Your Organization:**

Please list any current violations or claims against you/your organization and those having occurred in the past five years, especially those resulting in claims or legal action against you.

**Section 6   Statement of Compliance with Library Contractual Requirements:**

A sample of the Library JPA's standard contract is attached to this RFP. Each proposal must include a statement of the proposer's commitment and ability to comply with each of the terms of the Library JPA's standard contract. In addition, the proposer should include a statement that it will agree to have any disputes regarding any contract venued in San Mateo County or the Northern District of California. Proposals must advise the Library JPA of any objections to any terms in the Library JPA's contract template and provide an explanation for the inability to comply with the required term(s). If no objections are stated, the Library JPA will assume the proposer is prepared to sign the Library JPA contract as-is.

Please note that the sample standard contract attached to this RFP is a template and does not constitute the final agreement to be prepared for the provider that is selected. Please do not attempt to insert missing information and complete the attached sample. Once a provider is selected, the Library JPA will work with the selected provider to draft a provider-specific contract using the template. However, each proposal should address the general terms of the standard contract as outlined in the attached.