

# **REQUEST FOR PROPOSALS**

**Request for Qualifications**

**And**

**Fee Proposal For**

**Independent Audit Services**

**Desert Community College District**

**Board of Trustees**

**Desert Community College District  
43-500 Monterey Avenue  
Palm Desert, CA 92260**

**Contact: Wade W. Ellis, CPA  
Director, Fiscal Services  
Telephone: (760) 773-2513  
FAX: (760) 341-8678**

## Table of Contents

### Request for Proposals

<b>Description</b>	<b>Page Number</b>
Request for Qualifications and Fee Proposals	3
Part I – Annual Financial Audit	5
Part II – Audit for Proposition 39, General Obligation Bonds Financial Audit	8
Part III – Audit for Proposition 39, General Obligation Bonds Performance Audit	10
Part IV – Auxiliary Services Audit	12
Part V – Responses to the RFP	14

**DESERT COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
REQUEST FOR QUALIFICATIONS AND FEE PROPOSALS (“RFP”)  
INDEPENDENT AUDIT SERVICES**

1. **PURPOSE**

This Request for Proposal (RFP), on behalf of the Board of Trustees, is for contracting with an independent auditor to perform the audits for the District for fiscal years ending June 30, 2012, June 30, 2013, and June 30, 2014. The audits shall consist of an annual financial audit, a Proposition 39 General Obligation Bonds Financial Audit, a Proposition 39 General Obligation Bonds Performance Audit ***and*** an Auxiliary Services Audit.

All financial statements from 2010-11 can be found on our website at [www.collegeofthedesert.edu](http://www.collegeofthedesert.edu), under Faculty and Staff; Fiscal Services; Budget/Audit.

The Board’s intent is to enter into a contract with one or more Certified Public Accounting Firms (CPA) firms for a period of three years, subject to satisfactory performance, with potential one-year extensions for two additional years, at the option of the Board. The CPA firm must have at least two (2) years of recent California community college audit experience and have contracts currently with at least two California Community College Districts.

The Board may award to one firm to perform all four audits: an annual financial audit, a Proposition 39 General Obligation Bonds Financial Audit, a Proposition 39 General Obligation Bonds Performance Audit ***and*** an Auxiliary Services Audit ***or*** divide the award between two, three or four firms, whichever is in the best interest of the District.

2. **DUE DATE**

Sealed proposals will be received (not postmarked) up to, but not later than 2:00 p.m. on Friday, March 20, 2012. It is expected that the Board will be asked to take action on this item at the April, 2012 Board of Trustees meeting. All proposals become property of the District and are considered an irrevocable offer for thirty (30) days following the scheduled date of the award.

Proposals should be delivered to the office of:

**Mr. Wade W. Ellis, CPA  
Director, Fiscal Services  
RFP Audit Services  
Desert Community College District**

**43-500 Monterey Avenue  
Palm Desert, CA 92260**

Any questions must be directed in writing to Wade Ellis, CPA at [wellis@collegeofthedesert.edu](mailto:wellis@collegeofthedesert.edu).

Proposals must be sealed with the envelopes clearly marked in the lower left-hand corner **“Sealed Proposal Independent Auditor – Part I; a separate envelope “Sealed Proposal Independent Auditor – Part II”; a separate envelope “Sealed Proposal Independent Auditor – Part III”; a separate envelope “Sealed Proposal Independent Auditor – Part IV” if proposing on all four.**

Please refer to **“Part V – Responses to the RFP”** for additional information.

Complete and return **one original and 5 copies for EACH AUDIT SERVICE**, e.g. The Financial Audit (one original and five (5) copies, the Proposition 39 General Obligation Bonds Financial Audit (one original and give (5) copies, etc.

This Request for Proposals does not commit the Desert Community College District Board of Trustees to award a contract or to pay any costs incurred in the preparation of any proposal responsive to this request. The Desert Community College District Board of Trustees reserves the right to accept all or part of any proposal, to award one contract or more than one contract, and/or to cancel in part or in its entirety this RFP. The Desert Community College District Board of Trustees further reserves the right to accept the proposal that is considered to be in the best interest of the Desert Community College District. While price is a consideration, Desert Community College District Board of Trustees reserves the right to award a contract on the basis of its overall evaluation.

## PART I – ANNUAL FINANCIAL AUDIT

### Description of the District and Records to be Audited

1. The Desert Community College District operates one college with two instructional off-sites; Eastern Valley Center – Indio and Eastern Valley Center – Mecca/Thermal.
2. The selective financial and statistical information related to fiscal year 2010-2011 follows:
  - Credit FTES                      8,613
  - Approximate Number of Permanent Employees (FTE): Under 300
  - General Fund Unrestricted Audited Financial Results for Fiscal Year 2010-2011
    - Revenues     \$40,085,289
    - Expenditures \$38,159,574
    - Transfers In   \$1,589,147
    - Fund Balance \$8,383,183
  - General Fund Unrestricted Budgeted Expenditures for Fiscal Year 2011-2012
    - \$38,136,323
3. The District utilizes the following funds and account groups:
  - Governmental Funds
    - Unrestricted General Fund
    - Debt Service Fund
    - Capital Projects Fund
    - Child Development Fund
    - Financial Aid Fund
    - Self-Insurance Fund
    - Retiree Benefit Fund
  - Fiduciary Funds
    - Student Representation Fee Trust Fund
    - Associated Students Trust Fund
    - Student Body Fund

- Account Groups
  - General Fixed Assets
  - General Long-Term Debt
  
- 4. The accounting policies of the District are in conformity with general accepted accounting principles related to government units and California Community College Districts. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, except for interest on long-term debt, which is recognized when due.

**Nature of Services Required**

## 1. Scope of the Work to be Performed:

- a. Audit of the balance sheets and statements of changes in fund balance for all funds and account groups of the District.
- b. Issue opinion on District-wide financial statements in compliance with GASB statements #34 and #35.

## 2. Auditing Standards to be followed:

The audit shall be conducted in accordance with generally accepted auditing standards, Governmental Auditing Standards issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments" which involves obtaining an understanding of the internal control structure, including the control environment, the accounting system, and the control procedures established by management.

## 3. Exit Conference Requirements:

The District will require an audit exit conference with the Vice President of Business Affairs, and other staff as appropriate. The auditing firm will also provide progress reports to the Director, Fiscal Services, while the audit is progressing.

The District will expect the auditing firms to provide a presentation to the Board of Trustees on the audit process and findings when the report is presented to them.

## 4. Reports Required:

Fifteen (15) copies of each audit report are required (Financial Part I).

---

**PART II – AUDIT FOR PROPOSAL 39, GENERAL OBLIGATION BONDS FINANCIAL AUDIT****Description of Measure B Bond Fund To Be Audited:**

Proposition 39, Education Code Section 15272 and Government Code 53411, relating to school bonds, requires that an annual comprehensive financial and performance audit be conducted of all bond funds, books, and accounts under the jurisdiction and control of the District.

On March 2, 2004 the electorate within the District's geographic boundaries approved a general obligation bond known as Measure B. The value of the Bond is for \$346.5 million dollars. The bond proceeds will be utilized by the District to plan, design and construct a number of projects, primarily in the areas of infrastructure development, building renovations and new building construction.

All bonds have been issued.

**Nature of Services Required**

1. Scope of the Work to be Performed:
  - A. Audit of the balance sheets and statement of changes in fund balance for the District's Measure B fund.
  - B. Verification that expenditures were used for the purpose identified in the election language.
  - C. Additional elements developed in consultation with the auditor.
  
2. Auditing Standards to be Followed:

The bond auditor shall consider provisions of the California Community College Budget and Accounting Manual and other such publications relating to Proposition 39 and community college accounting procedures in effect during the period under audit.

This examination shall be made in accordance with generally accepted auditing standards and shall include such tests of the accounting records and such other auditor procedures as the auditor consider necessary.

3. Exit Conference Requirements:

The District will require an audit exit conference with the Director of Fiscal Services, and other staff as appropriate. The auditing firm will also provide progress reports to the Director of Fiscal Services, while the audit is progressing.

The District will expect the auditing firms to provide a presentation to the Board of Trustees and the District's Bond Oversight Committee on the audit process and findings when the report is presented to them.

4. Reports Required

Fifteen (15) copies of each audit report are required (Bond Fund Audit, Part II).

**PART III – AUDIT FOR PROPOSAL 39, GENERAL OBLIGATION BONDS PERFORMANCE AUDIT****Description of Measure B Bond Performance Audit:**

On March 2, 2004, \$346.5 million in general obligation bonds were authorized by an election held within the District under Proposition 39/Measure B. These bonds are issued in multiple series as general obligations of the District. A Citizen’s Oversight Committee was appointed in April 2004 to comply with the California Constitution and Education Code. The purpose of the Committee is to inform the public at least annually regarding the appropriate use of the bond proceeds. California Constitution, Article 13A, Section 1(b)(3)(c) requires an annual performance audit be conducted to ensure that funds have been expended only on the specific projects publicized by the District.

**Nature of Services Required:**

1. Scope of work to be performed:
  - a. Document the expenditures charged to the Desert Community College District (the “District”) General Obligation Bond Building Fund (the “Bond Fund”) established for the bonds and net bond proceeds deposited into the Bond Fund.
  - b. Determine whether expenditures from July 1, 2011 through June 30, 2012 charged to the Bond fund have been made in accordance with the bond project authorization approved by the voters through the approval of Measure B in March 2004 (“Bond Projects”).
  - c. Note any discrepancies or system weaknesses and provide recommendations for improvement.
  - d. Provide the District Board and the Measure B Citizens’ Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.
  
2. Auditing Standards to be Followed:

The Bond auditor shall consider provisions of the California Community College Budget and Accounting Manual and other such publications relating to Proposition 39 and community college accounting procedures in effect during the period under audit.

The examination shall be made in accordance with generally accepted auditing standards and shall include such tests of the accounting records and such other auditor procedures as the auditor consider necessary.

3. Exit Conference Requirements:

The District will require an audit exit conference with the Director of Fiscal Services, and other staff as appropriate. The auditing firm will also provide progress reports to the Director of Fiscal Services, while the audit is progressing.

The District will expect the auditing firms to provide a presentation to the Board of Trustees and the District's Bond Oversight Committee on the audit process and findings when the report is presented to them.

4. Reports Required

Fifteen (15) copies of each audit report are required (Bond Fund Performance Audit, Part III).

**PART IV – DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY****Description of Auxiliary Audit:**

The Desert Community College District Auxiliary Services is a non-profit public benefit corporate auxiliary of Desert Community College District.

Selective financial information related to fiscal year 2010-2011 follows:

**Unrestricted Audited Financial Results for Fiscal Year 2010-2011**

Revenues	\$778,207
Expenses	\$717,953

**Nature of Services Required:**

1. Scope of the Work to be Performed:
  - a. Audit the books of the Desert Community College District Auxiliary,
2. All required State and Federal tax returns.
3. Exit Conference Requirements:

The District will require an audit exit conference with the Secretary/Treasurer of the Auxiliary and other staff as appropriate. The auditing firm will also provide progress reports to the Director, Fiscal Services, while the audit is progressing.

4. Reports Required:

Fifteen (15) copies of each audit report are required (Financial Part I).

## **PART V – RESPONSES TO THE RFP**

### **Format of the Response**

The Request for Proposal should conform to the following format to simplify and to expedite the review process and to obtain the maximum degree of information from the respondent.

### **Title Page**

The response should identify the Desert Community College District, Proposal for Independent Audit Services, the name of the independent auditor, the local address, telephone number, and the name and title of the contact person, and the date of submission.

### **Contents**

The contents of the proposal should include a clear and complete identification of the material submitted by section and page number.

### **Letter of Transmittal**

The letter of transmittal should contain the following information:

1. A brief understanding of the audit services to be performed.
2. A positive commitment to perform the service within the time period specified.
3. The names of persons authorized to represent the respondent, their title, the address and the telephone number.

### **Profile of the Independent Auditor**

The profile of the respondents should include general background information, such as:

1. The organization and size of the respondent, whether it is local, regional, national, or international in operations.
2. The location of the office from which the work is to be done and the number of professional staff, by staff level, employed at that office.
3. A description of the range of activities performed by the local office such as auditing, accounting, tax service, or management services.
4. A positive statement that the following mandatory criteria are satisfied:
  - a. An affirmation that the respondent is properly licensed for practice as a Certified Public Accountant.
  - b. An affirmation that the respondent meets the independence requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, 1981 revision, published by the U.S. General Accounting Office.

- c. An affirmation that the respondent does not have a Record of Substandard Audit work.
- d. An affirmation that the respondent meets all specific requirements imposed by state or local law or rules and regulations.

### Technical Experience of Respondent

The technical experience of the respondent should include the following information:

1. A list of California school district/community college district clients for **general financial audits** and give the names and telephone number of client officials responsible for the audits listed. Also, discuss local, state, and national reputation for quality work performed in the public sector.
2. A list of California school district/community college district clients for whom your firm has performed **bond funds audits**, specifically in accordance with Proposition 39 requirements.
3. Discuss ability to provide additional auditing, accounting, or management consulting services and provide a summary of specific projects completed both in the public sector and specifically for school districts/community college districts in the Southern California Area.
4. If other auditors are to participate in the audit, those auditors should be required to provide similar information.

### Qualifications of Respondent

1. Identify the audit partners, managers and field supervisors, and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the auditor in charge up to the individual with final responsibility for the engagement should be included. (The resumes may be included as an appendix).
2. Provide specific details of proposed audit approach. The information should include:
  - a. Sampling of techniques for transactions testing.
  - b. Analytical procedures used to analyze results, and
  - c. Percentage of time to be scheduled for both preliminary and final audit work.

### Respondents Approach to the Examination

1. Submit a work plan to accomplish the scope defined in the Request for Proposal. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified.
2. The audit work plan should completely cover what audit work will be accomplished by all the auditors to render:

- a. An opinions report on the financial statement.
- b. A report on the study and evaluation and report on internal control systems.
- c. A report on the organizations' control system to assure compliance and whether the organization has complied with laws and regulations that may have an effect on each major federal assistance program.

### Report Requirements

The respondents should state their understanding of and their ability to meet specific reporting requirements.

### Time Requirements

If not already adequately covered in the respondent's letter of transmittal, the response should detail information on how the respondent plans to meet the timeline and reporting deadline requirements of the engagement.

### Compensation

Respondents should state their compensation requirements separately for ***each type*** of audit they are proposing to perform (e.g., Part I Annual Financial Audit and/or Part II Audit for Proposition 39, General Obligation Bonds Financial Audit, etc.) as follows:

1. Total audit hours detailed by partner, senior manager, manager, field supervisor and other staff.
2. Hourly rate detailed by partner, senior manager, manager, field supervisor and other staff.
3. The **maximum annual cost** for the audit for **each** of three years for each type of audit, Part I, Part II, etc. For example:

Part I – Financial Audit	2011-2012	Maximum Cost \$ _____
	2012-2013	Maximum Cost \$ _____
	2013-2014	Maximum Cost \$ _____

Part II – Audit for Proposition 39, Financial Audit	2011-2012	Maximum Cost \$ _____
	2012-2013	Maximum Cost \$ _____
	2013-2014	Maximum Cost \$ _____