

REDWOOD COAST ENERGY AUTHORITY

Request for Proposal for
Professional Auditing Services

INTRODUCTION

The Redwood Coast Energy Authority is soliciting proposals from qualified certified public accounting firms to audit its financial statements for a three-year period, beginning with the fiscal year ending June 30, 2018 (FY 2017-18, FY 2018-19, and FY 2019-20). The contract may be canceled if the Authority determines the audit services to be unsatisfactory.

Proposals must be received by 5:00 pm on April 24, 2019. Proposals should be submitted to the Redwood Coast Energy Authority: Finance Subcommittee at 633 3rd Street, Eureka CA 95501. Questions may be directed to the Lori Biondini, Director of Business Planning and Finance, lbiondini@redwoodenergy.org, (707)269-1700.

Background

The Redwood Coast Energy Authority (RCEA) was formed in 2003 as a Joint Powers Authority (JPA), a local government agency of the State of California. RCEA is governed by a nine-member Board of Directors comprised of representatives designated by the governing body of each of its member agencies who are appointed to serve for terms of one or more years.

RCEA's mission is to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region. It offers a wide range of energy efficiency and renewable energy services to all customer sectors in Humboldt County. In 2017, RCEA became a community choice aggregator, serving around 93% of electricity customers within its jurisdiction. RCEA has an annual operating budget of approximately \$53 million. The agency operates through multiple funding sources from both public and private sectors, comprised of contracts and grants, with the majority derived from electricity retail sales revenues. RCEA does not currently receive any federal funding awards.

As a JPA, RCEA is required to have its Board approve an operating budget each year. The Board approves a monthly financial report, which presents the monthly and year-to-date financial activity of RCEA (fund balances, receipts, expenditures, and budget vs. actual). More detailed information on RCEA and its finances can be found at <https://redwoodenergy.org/about/board-of-directors/> and <https://redwoodenergy.org/about/documents/>.

The financial staff, under the direction of the Executive Director, includes the Director of Business Planning and Finance responsible for overseeing business and finance activities, the Finance Manager who is responsible for accounts payable, payroll processing and reporting, deposits, and purchasing, a Contract and Grants Specialist responsible for accounts receivable, procurement support, and contracting set-up and processing. RCEA engages the services of the accounting firm of David L. Moonie & Co., LLP, on an as needed basis. RCEA uses QuickBooks as its accounting software and maintains its accounts on an accrual basis. All closing entries and accruals are performed by the accountant, or the Finance Manager under the direction of the accountant. The remainder of RCEA's staff is organized in four other divisions, including Operations, Demand Side Management Programs, Power Resources Programs, and Executive support staff.

Prior Auditor

David L. Moonie & Co., LLP has served as RCEA's auditor for the past five years.

SERVICES REQUIRED – Scope of Work

The selected auditor will be required to complete the following tasks:

1. Audit of RCEA's financial statements for three fiscal years (2017-18 ending June 30, 2018, 2018-19 ending June 30, 2019, 2019-20 ending June 30, 2020). Each annual audit shall be performed in accordance with Government Code section 26909 and the following:
 - a. Generally Accepted Government Auditing Standards (GAGAS) in the United States;
 - b. Minimum Audit Requirements and Reporting Guidelines for Special Districts from the California Code of Regulations (Title 2, Section 1131.2);
 - c. Single Audit Act in accordance with the Office of Management and Budget's Uniform Guidance, if required.
2. Express an opinion as to whether RCEA's financial statements are fairly presented, in all material respects, in conformance with generally accepted accounting principles (GAAP) standards and issue an independent auditors' report stating this opinion.
3. Test internal control over financial reporting and compliance with laws, regulations, contracts or grant agreements in accordance with GAGAS.
4. Apply limited procedures related to the Required Supplementary Information, Management's Discussion and Analysis, and the Supplementary Information. RCEA will be responsible for the preparation of the Management Discussion and Analysis.
5. Prepare a report to the Board of Directors and Management which identifies any control deficiencies, significant deficiencies and material weaknesses and your recommendations for improvements in accounting and administrative controls.
6. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the Executive Director and Director of Business Planning and Finance.
7. Prepare the annual State Controller's Special Districts Financial Transactions Report.
8. Provide professional assistance and advice as required regarding compliance with applicable financial accounting and reporting standard, including.
9. Attend periodic meetings, including:
 - a. Meet with RCEA staff to discuss timing and progress;
 - b. Up to two meetings with the RCEA Board's Finance Subcommittee to approve scope and schedule, and one at the conclusion of the audit to present results.
 - c. Up to three meetings with RCEA's Board of Directors at a regular business meeting to present the audited financial statements and reports after the completion of each fiscal year audit.
10. Minimize undue interference with RCEA's business operations.

Schedule

Provide an audit plan, including work requested	No later than June 30, 2019
Complete field work	No later than September 1, 2019
Final draft Financial Statements presented. Staff will use this document to draft a Management's Discussion and Analysis letter and will provide the auditor with a review draft within 14 days	November 1, 2019
Final copies of audited financial statements issued	No later than November 15, 2019

A similar schedule will be developed for audits of subsequent fiscal years.

KEY DATES – Proposal Evaluation and Selection

Key dates for proposal evaluation and selection are as follows:

Distribution of RFP	April 3, 2019
Deadline for submission of questions	5:00pm, PST April 10 th
Proposal submission	5:00pm, PST April 24 th
Interviews, as needed	Week of April 29 th
Recommendation	May 3, 2019
Notification and engagement	By May 10 th

Questions

Questions regarding this RFP should be address to Lori Biondini, Director of Business Planning and Finance, at lbiondini@redwoodenergy.org. A copy of the most recent audited financial statements and the Board-adopted 2017-2018 budget are available at <https://redwoodenergy.org/services/contracting-opportunities/>.

Proposal Submission

Please submit proposals by **5:00pm PST, April 24, 2019** electronically to lbiondini@redwoodenergy.org, Attn: Proposal for Professional Auditing Services, or in print to the RCEA offices at 633 3rd Street, Eureka, CA 95501. Late submissions may not be accepted.

Proposal Review and Recommendation

Proposals will be reviewed by a review committee which, at its discretion, may request a meeting with one or more proposers. During the evaluation process, RCEA reserves the right, where it may serve the agency's best interest, to request additional information and clarification from proposers, or to allow the corrections of errors and omissions.

A recommendation on the selection of the proposal best meeting the requirements set forth in this RFP will be forwarded to the RCEA Board of Directors Finance Subcommittee for final approval. The Finance Subcommittee shall make the final decision as to which firm RCEA will enter into contract negotiations

with to perform the requested services. The Finance Subcommittee reserve the right to remove from consideration any or all proposals at its sole discretion.

We will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, we reserve the right to modify the proposal process and dates as deemed necessary and reserve the right to not award a contract. RCEA assumes no obligation for any costs incurred by any proposer in preparing the response to this request, attending an interview, or any other activity prior to award of the contract to the selected proposer.

TERMS AND CONDITIONS

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in any resulting contract between RCEA and the selected firm.

Contract

The audit services contract will become effective on the execution of the contract for three (3) fiscal years, with continued engagement beyond the first year based on the following conditions: upon completion of the independent audit reports for each fiscal year, the RCEA Finance Board Subcommittee will evaluate the performance of the audit firm. The performance evaluation may include factors such as:

- Did the firm meet all audit requirements?
- Did the firm maintain an audit schedule, which met specification requirements?
- Were reports and recommendations timely, clear, complete, and fair?
- Were the firm personnel assigned to the audit those identified in the proposal? Did they perform their duties in a professional manner?
- Was the firm responsive to special audit service needs during the year?

Assistance Provided to the Auditor

RCEA staff will be available during the audit period to assist the auditor by providing access and direction to information, documentation, and be available for explanation of all inquiries. RCEA will provide the auditors will reasonable workspace, phone, wireless internet and copier access.

Additional Services

If it should become necessary for RCEA 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 RCEA and the firm. Any such additional work agreed to shall be performed at the same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal.

Payment

Progress payments will be made on work completed during the course of the contract. Interim billings shall cover a period of not less than a calendar month.

Insurance

The auditor shall maintain comprehensive general liability and professional liability coverage in the minimum amount of \$1 million minimum for each, and shall provide, prior to execution of a contract, a Certificate of Insurance with RCEA named as additional insured.

PROPOSAL REQUIREMENTS

Cover/Transmittal Page

- Proposing firm's name, address, and phone, and the location of the office from which the work on this audit is to be performed.
- Name(s) of person(s) authorized to represent the proposer, authorized to answer questions and bind the firm, the person(s) title and contact information.
- An affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in California.
- An affirmative statement that it is independent of RCEA as defined by GAGAS.
- A list of any professional relationships involving RCEA for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed work.
- A statement acknowledging that the firm shall give RCEA written notice of any professional relationships entered into during this period of agreement.

Qualifications

- Provide a description of firm qualifications and experience with respect to auditing local governments or other governmental agencies as well as experience with the preparation of basic financial statements in compliance with the standards outlined in the Scope of Work.
- Provide a list of references for which the firm has performed governmental audits.
- Provide information on the results of any federal or state desk review or field reviews of the firms' audits during the past three (3) years, and 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.
- Provide a description of the qualifications of all personnel who will be assigned to this audit.

Audit Approach

The proposal should include a workplan explaining the audit methodology and timing for each segment of work throughout the fiscal year, including:

- The planned number of hours for auditing staff for each segment
- Any software to be used
- Analytical and sampling procedures used
- Approach to understanding and documenting internal controls
- Approach to determining laws and regulations that will be applicable
- Any identified potential audit problems and special assistance required of RCEA.

Costs and Fees

Please list the total all-inclusive cost of the audit engagement to complete work specified in the Scope of Work section for each fiscal year. Please list fees for additional services and/or applicable billing rate for additional services requested.

Proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance the reasons for the additional services together with an estimate of costs. All additional work as agreed in advance by RCEA shall be compensated for at the same rate quoted in the proposal.

SELECTION CRITERIA

Proposals will be considered responsive to this RFP if they meet all the following mandatory elements:

- The audit firm is independent, insured and licensed to practice in California.
- The firm has no conflict of interest with any other work to be performed for RCEA.
- The firm has provided references and the results of any state or federal reviews that are indicative of a record of quality audit work.

Responsive proposals will be further evaluated on the following criteria:

- Responsiveness of the proposal to this RFP in its entirety.
- Prior experience in providing auditing services to government agencies comparable to RCEA.
- Qualifications of the firm and assigned staff, as well as the quality of management support.
- Audit approach: whether the proposed workplan is acceptable and presents a thorough understanding of the scope of work; the adequacy of the proposed staffing and techniques; and commitment to the timeline.
- Cost and fees.