

SOLANO COUNTY WATER AGENCY



Request for Proposal for Audit

Request for Proposal

Solano County Water Agency (hereinafter called the “Agency”) invites qualified auditors having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specification outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Solano County Water Agency to reimburse firms for any expenses incurred in preparing proposals in response to this request.

Requirements

The audit will encompass a financial examination of the Agency’s basic financial statements and supplementary information in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. The financial audit opinion will cover the financial statements for the governmental activities and each major fund which constitutes the basic financial statements. The combining and individual financial statements, schedules and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than seven years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the General Manager.

Scope of Examination

- a.) The audit shall cover two fiscal years ending June 30, 2025 and 2026, with an option to renew up to another three years.
- b.) We anticipate our financial records will be closed and ready for audit by September 30th of each year. The books of accounting and financial records to be audited are maintained and located at the Agency administrative office located at 810 Vaca Valley Parkway, Suite 202, Vacaville, CA



95688. The Supervisor of Administrative Services or designee shall make these books and records available.

- c.) The report package includes:
 - 1. Basic Financial Statements (including all applicable footnotes)
 - 2. Footnotes on Summary of Significant Accounting Policies
 - 3. Auditor's opinion on the financial statements and required supplementary schedules
 - 4. Report on Compliance and on Internal Control Over Financial Reporting based on an audit of financial statements performed in accordance with Government Auditing Standards (GAS) and/or Generally Accepted Auditing Standards (GAAS).
 - 5. Required Supplementary Information
 - 6. Schedule of Findings and Recommendations
 - 7. Status of Prior Year Findings and Recommendations
 - 8. Management Discussion and Analysis
 - 9. Statistical Section as required for GFOA Certificate of Achievement for Financial Reporting
 - 10. Required Communications to the Board of Directors
- d.) The audit includes preparing and electronically submitting the Special Districts Financial Transaction Report to be filed with the State Controller's Office within 110 days after the end of the fiscal year.
- e.) Approximately 6 copies of the audited financial reports must be presented to the Agency. All reports will also be provided in electronic format to the Agency.
- f.) The auditor may be expected to attend a full board meeting with the Board of Directors to present the audit report and review the required communications.

Contractual Arrangements

As required in the Fee Schedule below, proposers are to state separate, "not to exceed fees" for performing the services described herein for both of the Agency fiscal years ending June 30, 2025 and 2026. By acceptance of the proposal, the Agency will contract with the successful proposer for audit services for the fiscal year ending June 30, 2025. The Agency may, at its exclusive option, contract with the successful proposer for audit services for the subsequent fiscal year.

Audit services performed for the audit period shall be paid by the Agency not more than 45 days following submission of an invoice from the auditor which shall state the hours worked by each staff member assigned to the audit and the applicable hourly billing rate. In no event, however, shall fees paid by the Agency exceed the "not to exceed" cost proposed in the Fee Schedule below, for provision of all the services described in the successful proposal.

Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the Board of Directors and their approval of the audited financial statements.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the Agency. This agreement shall not be assigned or transferred without the written approval of the Agency.

Proposal Submission Information

To secure information which facilitates systematic application of evaluation criteria, vendors are required to submit proposals with the information and in the format described below:

Transmittal letter: Proposals shall be transmitted by a letter which shall include at least the sections listed below and is signed by an authorized agent of the organization.

Fee Schedule: A maximum “not to exceed” fee for providing the services as described in the proposal for each of the two fiscal years ending June 30, 2025 and 2026. A current schedule of hourly billing rates of the personnel who would provide audit services.

Contact Person: The name, address and title of the individual to whom notices regarding this proposal should be sent.

Profile of the Proposer:

- Proposers shall describe the organization and size of organization, whether it is local, regional, national, or international in operations.
- 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.
- A description of the range of activities performed by the office handling the engagement such as auditing, tax service, management services, etc.

Technical Approach: Proposer shall indicate the technical approach to providing the services required. This should include a rough estimate of hours to be performed by each level of staff during each significant segment of work, including the estimated amount of time the manager and senior staff will be on site.

Qualifications of the Proposer: Proposers shall describe their qualifications, which shall include at least a list of each professional staff member to be assigned to the project, indicating staff levels by type and title. It is expected that each senior and higher level staff assigned would have considerable governmental experience, which should be noted. Knowledge and experience regarding GSBA standards, including OPEB and Pension liability reporting, should be described. Any specialized skill, such as a background in public finance, should also be included.

While it is understood that there will be turnover on the audit staff, it is hoped that continuity of staff will be maintained, and will be a consideration when renewing this contract.

References: Provide the name, address, telephone numbers, and contact person of all municipal or local government audit clients for the last two years.

Peer Review: Proposers shall describe the systems of peer review to which proposers are subject, including the nature (internal and/or external) and frequency of reviews. If the evaluations are external, proposers shall furnish copies of the most recent evaluation opinion.

Selection Criteria

Proposers' qualifications to provide the services described in the request for proposal, (as determined by responses to this request and references), shall be a factor in determining the successful proposer.

However, criteria may include, but are not limited to: compliance of proposal with request for proposal, price, ability to do the work, the proposers' character and reputation, quality of other work performed, and any other criteria that the Agency, in its judgment, represents the best and most favorable to the interests of the Agency and the public.

Selected vendors may be invited to oral interviews following an initial evaluation of proposals submitted.

Time Requirements

A. Proposal Schedule

Release of RFP to vendors	November 2 nd , 2024
Proposal Due Date	January 3rd, 2025
Interviews with Selected Proposers	week of January 20-24, 2025
Board Recommendation	February 13, 2025
Contract awarded by the Agency	March 28, 2025

B. Audit Schedule

Preliminary Field Work	May 2025
Mail Confirmation Letters	July 11th, 2025
Trial Balances Completed by Agency	September 19 th , 2025
Field Work Start	September 22, 2025
Draft ACFR and Management Letter	November 2025
ACFR presented to Agency Board	December 11 th , 2025

Contract

The successful proposer shall confirm in writing acceptance of the terms of this proposal within 10 days of notification of selection. This conformation may be in the form of the standard Engagement Letter or may be in addition to the standard Engagement Letter. Proposers must specify any proposed modifications to the scope of the engagement in their proposal. The Agency currently anticipates approving a contract for audit services during the Regular board meeting held on February 13, 2025. However, in the event that the proposal is accepted at a later date, the Time Requirements will be revised accordingly.

Proposal Period and Contract Award

Each proposal shall be submitted in a sealed envelope marked Solano County Water Agency Audit Proposal not later than January 3, 2025 at 5:00 p.m. to:

Marcie Fehrenkamp
Senior Accountant
Solano County Water Agency
810 Vaca Valley Parkway, Suite 202
Vacaville, CA 95688

Proposals will be opened immediately, late proposals may be returned, unopened, to the proposer.

Proposals submitted in accordance with this request shall be binding upon the proposers if accepted by the Agency not later than 90 days from the date of the proposal.

The Agency reserves the right to accept any proposal that is, in its judgment, the best and most favorable to the interests of the Agency and the public; to reject any or all proposals; to accept and incorporate corrections, clarifications, or modifications following the opening of the proposals when to do so would not, in the Agency's judgment, prejudice the proposal process or create an improper advantage to any proposer; and to waive any irregularities and informalities in the proposal process or in any proposal submitted; provided, however, that the waiver of any prior defects or informality shall not be considered a waiver of any future or similar defects or informalities, and proposers should not rely upon, or anticipate, such waivers in submitting their proposal.

Description of the Government Entity and Its Accounting System

The Solano County Water Agency was created in 1951 by an act of California Legislature as the "Solano County Flood Control and Water Conservation District." In 1988 the legislative act was changed to modify the governing board and the name was changed to Solano County Water Agency in 1989. The Agency's boundaries include all of Solano County and the property for the University of California at Davis in Yolo County. The responsibilities of the Agency fall into two main categories: water supply and flood control. The Agency provides wholesale water services to cities, districts, and state agencies. The Agency also oversees the operations and maintenance of two flood control projects and is involved in countywide flood control planning. For additional information see Solano County Water Agency's website at www.scwa2.com.

Budgeted revenues including all sources of revenue are estimated at \$49,172,000 for the year ending June 30, 2025.

Exhibits

Exhibit A – Most recent Auditor Report from FY 2022/2023

Exhibit B – Template of SCWA's Professional Services Agreement

Name of Project: **Annual Financial Audit - 2 Year Agreement**

SOLANO COUNTY WATER AGENCY

AGREEMENT FOR PROFESSIONAL SERVICES (Professional Services/Consultant)

THIS AGREEMENT, **effective May 15, 2025**, is between SOLANO COUNTY WATER AGENCY, a public agency existing under and by virtue of Chapter 573 of the 1989 statutes of the State of California, hereinafter referred to as "Agency," and AUDIT FIRM XXXXXX, hereinafter referred to as "Contractor."

The Agency requires services for **Annual Financial Audit**; and the Contractor is willing to perform these services pursuant to the terms and conditions set out in this Agreement.

IT IS MUTUALLY AGREED, as follows:

1. SCOPE OF SERVICES

The Agency hereby engages the Contractor, and the Contractor agrees to perform the services for **Annual Financial Audit**, as described in Exhibit A, in accordance with the terms of this Agreement and any applicable laws, codes, ordinances, rules or regulations. In case of conflict between any part of this Agreement, this Agreement shall control over any Exhibit.

2. COMPENSATION

Compensation for services shall be as follows: Hourly rate of personnel plus any allowed reimbursable expenses based on unit costs as indicated on any allowed reimbursable expense in Exhibit B **not to exceed \$XX,XXX for Budget Year 2024/25 and \$XX,XXX for Budget Year 2025/26** for all work contemplated by this Agreement. There is an option to extend for up to an additional 3 years at rates as stated in the accepted bid proposal.

3. METHOD OF PAYMENT

Upon submission of an invoice by the Contractor, and upon approval of the Agency's representative, the Agency shall pay the Contractor monthly in arrears for fees and allowed expenses incurred the prior month, **however in no event shall the cumulative total paid pursuant to this agreement exceed the maximum amount provided for in paragraph 2 of this Agreement.** Every invoice shall specify hours worked for each task identified in Exhibit A undertaken.

Each invoice shall be accompanied by a spreadsheet showing, by month, costs incurred to date for the project broken down by the Tasks identified in Exhibit A. The spreadsheet shall show, for each task, budget amounts, total expended and remaining amounts. The spreadsheet shall show a subtotal for each fiscal year covered by the contract. Any amendments to the contract shall be listed and incorporated into spreadsheet. An example of a typical spreadsheet shall be provided by the Agency.

4. **TIME OF PERFORMANCE**

This Agreement shall become effective as of the date it is executed and said services will take place between this date and May 2025 and January 2027 as directed by the Agency. There is also an option to extend for up to 3 additional years.

5. **MODIFICATION AND TERMINATION**

This Agreement may be modified or amended only by written instrument signed by the parties hereto, and the Contractor's compensation and time of performance of this Agreement shall be adjusted if they are materially affected by such modification or amendment.

(Note: this paragraph is optional) Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion be approved in advance, in writing, by the Agency's General Manager.

This Agreement may be terminated by the Agency at any time, without cause, upon written notification to the Contractor. The Contractor may terminate this Agreement upon 30 days written notice to Agency.

Following termination by the Agency or the Contractor, the Contractor shall be reimbursed for all expenditures made in good faith in accordance with the terms of this Agreement that are unpaid at the time of termination.

6. **PERMITS** *(Note: include only if permits are required)*

Permits required by governmental authorities will be obtained at the Contractor's expense, and the Contractor will comply with local, state and federal regulations and statutes including Cal/OSHA requirements.

7. **INDEMNIFY AND HOLD HARMLESS**

To the extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify Solano County Water Agency, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all acts or omissions of Consultant or its officers, agents, or employees in rendering services under this contract; excluding, however, such liability, claims, losses, damages or expenses arising Solano County Water Agency's sole negligence or willful acts.

8. **INSURANCE**

Minimum Insurance Requirements: Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work

hereunder and the results of that work by the Consultant, his agents, representatives, employees or sub-contractors.

Coverage - Coverage shall be at least as broad as the following:

1. **Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to Solano County Water Agency) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability** – (if necessary) Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
3. **Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. **Waiver of Subrogation:** The insurer(s) named above agree to waive all rights of subrogation against the Solano County Water Agency, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the Agency; but this provision applies regardless of whether or not the Solano County Water Agency has received a waiver of subrogation from the insurer.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the Solano County Water Agency requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Solano County Water Agency.

Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** Solano County Water Agency, its directors, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations.
2. **Primary Coverage:** For any claims related to this project, the Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to the Solano County Water Agency, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the Solano County Water Agency its directors, officers, employees and authorized volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Solano County Water Agency.

Self-Insured Retentions - Self-insured retentions must be declared to and approved by the Solano County Water Agency. The Solano County Water Agency require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Solano County Water Agency.

Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or as otherwise approved by Solano County Water Agency.

Verification of Coverage – Consultant shall furnish the Solano County Water Agency with certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Solano County Water Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The Solano County Water Agency reserves the right to require complete, certified copies of all required insurance policies, including policy Declaration pages and Endorsement pages.

Sub-contractors - Consultant shall require and verify that all sub-contractor maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that Solano County Water Agency its directors, officers, employees, and authorized volunteers are an additional insured are an additional insured on Commercial General Liability Coverage.

9. **COMPLIANCE WITH LAW** *(Note: This section is optional)*

The Contractor shall be subject to and comply with all federal, state and local laws and regulations applicable with respect to its performance under this Agreement, including but not limited to, licensing, employment and purchasing practices; and wages, hours and conditions of employment.

10. **RECORD RETENTION** *(Note: This section is optional)*

Except for materials and records, delivered to the Agency, the Contractor shall retain all materials and records prepared or obtained in the performance of this Agreement, including financial records, for a period of at least three years after the Contractor's receipt of the final payment under this Agreement. Upon request by the Agency, the Contractor shall make such materials and records available to the Agency at no additional charge and without restriction or limitation to State and federal governments at no additional charge.

11. **OWNERSHIP OF DOCUMENTS** *(Note: This section is optional)*

All materials and records of a finished nature, such as final plans, specifications, reports and maps, prepared or obtained in the performance of this Agreement, shall be delivered to and become the property of the Agency. All materials of a preliminary nature, such as survey notes, sketches, preliminary plans, computations and other data, prepared or obtained in the performance of this Agreement, shall be made available, upon request, to the Agency at no additional charge and without restriction or limitation on their use.

12. **SUBCONTRACT AND ASSIGNMENT**

This Agreement binds the heirs, successors, assigns and representatives of the Contractor. The Contractor shall not enter into subcontracts for any work contemplated under this Agreement and shall not assign this Agreement or monies due or to become due, without the prior written consent of the General Manager of the Agency or his designee, subject to any required state or federal approval. *(Note: list any subcontractors here)*

13. **NONRENEWAL** *(Note: This section is optional)*

The Contractor understands and agrees that there is no representation, implication, or understanding that the services provided by the Contractor under this Agreement will be purchased by the Agency under a new agreement following expiration or termination of this Agreement, and waives all rights or claims to notice or hearing respecting any failure to continue purchase of all or any such services from the Contractor.

14. **NOTICE**

Any notice provided for herein are necessary to the performance of this Agreement and shall be given in writing by personal delivery or by prepaid first-class mail addressed as follows:

AGENCY

CONTRACTOR

Chris Lee, General Manager
Solano County Water Agency
810 Vaca Valley Parkway, Suite 202
Vacaville, CA 95688

The parties have executed this Agreement the day and year first above written. If the Contractor is a corporation, documentation must be provided that the person signing below for the Contractor has the authority to do so.

Solano County Water Agency
a Public Agency

By: _____
Chris Lee
General Manager

By: _____

FOR SCWA USE ONLY

Contract Period: May 2025 to January 2027
File Number: _____

Account Manager: Marcie Fehrenkamp
G/L Account #: 6140AC-1707
Job Cost #: 1707
Contract Type: Professional Services

EXHIBIT A

SCOPE OF SERVICES

- a.) The audit shall cover the two fiscal years ending June 30, 2025 and 2026 respectively
- b.) We anticipate our financial records will be closed and ready for audit by September 18th of each year. The books of account and financial records to be audited are maintained and located at the Agency administrative office located at 810 Vaca Valley Parkway, Suite 202, Vacaville, CA 95688. The Administrative Services Manager or designate shall make these books and records available.
- c.) The report package includes:
 - 1. Basic Financial Statements (including all applicable footnotes)
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- f.) The auditor may be expected to attend a full board meeting with the Board of Directors to present the audit report and review the required communications.

EXHIBIT B

RATE OF COMPENSATION

All inclusive maximum fee for the audit:

Year ending June 30, 2025	\$xx,xxx
Year ending June 30, 2026	\$xx,xxx

Optional Additional years:

Year Ending June 30, 2027	\$xx,xxx
Year Ending June 30, 2028	\$xx,xxx
Year Ending June 30, 2029	\$xx,xxx