



SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT

## **INDEPENDENT AUDIT SERVICES**

Proposals Due By: January 13, 2017, at 2:00 p.m.

Submit Proposals to: Santa Monica-Malibu Unified School District  
Attn: Director of Purchasing  
1651 Sixteenth Street  
Santa Monica, CA 90404

Proposal Issued on November 9, 2016

Office of the Chief Financial Officer  
1651 Sixteenth Street, Santa Monica, CA 90404

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**

1651 Sixteenth Street • Santa Monica • California 90404-3891 • (310) 450-8338 • [www.smmusd.org](http://www.smmusd.org)

**Board of Education:** Craig Foster • Oscar de la Torre • José Escarce • Maria Leon Vazquez

Laurie Lieberman • Ralph Mechur • Richard Tahvildaran-Jesswein

**Co-Interim Superintendents:** Christopher King and Sylvia Rousseau

## **1. INTRODUCTION**

This Request for Proposal contains specifications and related documents covering independent audit services for a three-year period beginning with the audit of fiscal year 2016-17.

This RFP and all subsequent modifications thereto are hereby designated as the sole reference and authority for the preparation of proposals. This release of the Request for Proposal supersedes all other documents related to the work to be done. The contents of this RFP and subsequent modifications thereto take precedence over any and all information related to audit services for the Santa Monica-Malibu Unified School District (herein referred to as "School District") obtained from any source, either by verbal or written communications.

This RFP shall not be construed, 1) to create an obligation on the part of the School District to enter into a contract with any audit firm, or 2) to serve as the basis for a claim for reimbursement for expenditures related to the development of a proposal.

Notwithstanding other provisions of the RFP, Auditors are hereby advised that this request is an informal solicitation of proposals only. It is not intended, nor is it to be construed, as the engaging in formal competitive bidding pursuant to any statute, ordinance, policy or regulation.

## **2. BACKGROUND**

The School District serves approximately 11,300 students in the communities of Santa Monica, Malibu, and parts of Los Angeles County. The District maintains ten (10) K - 5 schools, one (1) K-8 school, two (2) middle schools, two (2) high schools, one (1) small adult education program, one (1) continuation high school, and child care and developmental centers. The District serves approximately 1,300 students in the Special Education Local Plan area.

The School District is financed primarily by the state and taxes received from local property owners. Additionally, the School District receives funding from a local parcel tax and significant contributions from the City of Santa Monica that include a Master Facility Agreement and a voter approved sales tax measure. The School District administers a number of special projects ranging from Title I and II, Economic Impact Aid, Class Size Reduction, and others. The District employs approximately 2,000 personnel, including substitutes. The 2016-17 adopted budget is approximately \$150 million in the general fund. In November of 2006, the district passed a \$268 million General Obligation bonds (Measure BB). This authorization has been fully issued. In November of 2012, the District passed a \$385 million General Obligation bonds (Measure ES) and that has issued two series within that authorization in the amount of \$90 million. The current fiscal year accounting system is maintained on a modified accrual basis.

Detailed budget information and reports can be found at:  
<http://www.smmusd.org/fiscal/FinancialReports.html>. A summary of funds operated by the District is represented in Attachment A.

The financial management system resides on a mainframe system utilizing QSS software for all financial and student information. Payroll and Human Resources is maintained on the PeopleSoft system and HRS with Los Angeles County Office of Education (LACOE). The District uploads and reconciles financial information from the internal QSS system to PeopleSoft for reporting purposes. The district will become a Full Use District, utilizing financial, payroll and human resources as the BEST project is implemented at LACOE. The district uses the state's Standardized Account Code Structure for financial reporting. The Associate Superintendent Business and Fiscal Services, Chief Financial officer, is responsible for control of the financial system.

The fixed assets of the District are maintained and controlled on the QSS system.

Pupil attendance accounting is automated at all grade levels. The attendance system is maintained on Illuminate, which is run on a mainframe system.

The work to be performed by the Auditor in connection with the audits of the various funds of the district as described in Section 4 of this Request for Proposal. Qualified audit firms are invited to submit proposals in response to this request.

### **3. INFORMATION AND GENERAL CONDITIONS**

#### **3.1. Preparation of Proposal Documents**

Six (6) sealed copies, one original, five copies staples and one electronic version on compact diskette (CD), of the proposal shall be submitted by no later than 2:00 p.m. on January 13, 2017. Proposals shall be delivered to the attention of Virginia Hyatt, Director of Purchasing, 1651 Sixteenth Street, Santa Monica, CA 90404.

It is the sole responsibility of the person submitting the proposal to see that it is delivered on time. Proposals received after 2:00 p.m. on January 13, 2017 will be returned to the submitting firm unopened.

#### **3.2. Signature**

The Proposal must be signed in the name of the Auditor and must bear the signature of the person authorized to sign proposals on behalf of the Auditor.

#### **3.3. Completion of Proposals**

Proposals shall be complete in all respects as required by the instructions herein. A proposal may be rejected if it is conditional or incomplete, or if it contains alterations of form or other irregularities of any kind. A proposal will be rejected if, in the opinion of the Associate Superintendent Business and Fiscal Services, Chief Financial Officer, the information contained therein was intended to erroneously mislead the district in the evaluation of the proposal.

#### 3.4. Erasures

The Proposal submitted must not contain erasures, interlineations, or other corrections unless each correction is authenticated by signing in the margin immediately opposite the correction the name of the person signing the proposal.

#### 3.5. Examination of Contract Documents

Auditors shall thoroughly examine the contents of the RFP. The failure or omission of any Auditor to receive or examine any contract documents, form, instrument, addendum, or other document shall in no way relieve the Auditor from obligations with respect to the RFP or to the contract to be awarded. The submission of a proposal shall be taken as prima facie evidence of compliance with this Section.

If the Auditor discovers any ambiguity, conflict, discrepancy, omission, or other errors in the RFP, they shall immediately notify the Associate Superintendent Business and Fiscal Services, Chief Financial Officer in writing no later than 2:00 p.m. on December 9, 2016 of the error and request modification or clarification of the document. Clarifications shall be given by written notice to all Auditors participating in the RFP, without divulging the source of the request. Modifications shall be made by addendum issued pursuant to Section 3.6 below.

If an Auditor fails to notify the Associate Superintendent Business and Fiscal Services, Chief Financial Officer of an error in the RFP before the date scheduled for submission of proposals, or of any error which reasonably should have been known to them, they shall submit the proposal at their own risk. If the contract is awarded to the Auditor, they shall not be entitled to additional compensation or time by reason of the error or its subsequent detection.

#### 3.6. Addenda

The Associate Superintendent Business and Fiscal Services, Chief Financial Officer may modify this RFP before the date scheduled for submission of proposals by issuance of an addendum to all parties who received the RFP for the purpose of submitting a proposal. Addenda shall be monitored consecutively as a suffix to the RFP reference number.

#### 3.7. Modification of RFP response

The Auditor may modify their proposal after its submission by written notice to the Associate Superintendent Business and Fiscal Services, Chief Financial Officer of withdrawal and re-submission before the date and time specified for receipt of proposals. Modification will not be considered if offered in any other manner.

3.8. Withdrawal of Proposal

The Auditor may withdraw their proposal by submitting a written request to the Associate Superintendent Business and Fiscal Services, Chief Financial Officer at any time before the date and time scheduled for proposal submission. The Auditor may modify its response by submitting the modified response together with a written request to withdraw the original response and replace it with the modified response. No corrected, modified, or resubmitted proposals will be accepted after the proposal submission date and time.

3.9. Rejection of Proposals

The Associate Superintendent Business and Fiscal Services, Chief Financial Officer reserves the right to reject any or all proposals received in response to this RFP.

3.10. Misunderstandings

The RFP documents will be clarified by the Associate Superintendent Business and Fiscal Services, Chief Financial Officer upon written request from an Auditor. The Associate Superintendent Business and Fiscal Services, Chief Financial Officer's decision shall be final in any matter of interpretation of the documents.

3.11. Cost of Preparation of Proposals

Cost for developing responses to this RFP are entirely the responsibility of the Contractor and shall not be chargeable to the School District.

3.12. Evaluation of Proposals

Proposals will be evaluated in accordance with the procedures contained in Section 6. During the evaluation, valuation and selection process, the Associate Superintendent Business and Fiscal Services, Chief Financial Officer may request a meeting with an Auditor's representative to request answers to questions or may request that they answer specific questions in writing. The Associate Superintendent Business and Fiscal Services, Chief Financial Officer may require that Auditor make presentations that are pertinent to the evaluation process. If a question and/or questions are asked by the Associate Superintendent Business and Fiscal Services, Chief Financial Officer in a meeting and these questions and the answers thereto are pertinent to the proposal documents and the contract to be awarded, the questions and the answers will be sent to the auditor in writing for verification before they are included in the proposal and/or contract documents.

3.13. Award of Contract

If the contract is awarded, it will be to the responsible Auditor whose proposal is deemed to be the best proposal and whose proposal meets the needs of the School

District. It is anticipated that the contract will be awarded within the sixty (60) day period that proposals are required to remain open. If award cannot be made within that time, Auditors will be requested in writing to extend the time period during which the Auditor agrees to be bound by their proposal. Written notification will be made to unsuccessful Auditors.

3.14. Errors in Proposal

Auditors shall be bound by the terms and conditions of their proposals notwithstanding the fact that errors are contained therein. However, if immaterial errors are found in a proposal, the Associate Superintendent Business and Fiscal Services, Chief Financial Officer may notify the Auditor that the proposal contains errors and require the Auditor to correct the errors.

3.15. Workers' Compensation

In accordance with the provisions of Section 3700 of the Labor Code of the State of California, each Auditor shall provide documentation of appropriate workers' compensation coverage.

3.16. Related Experience

All Auditors must submit information that indicates specific qualifications to perform the financial and compliance audit services as specified herein. Each Auditor shall submit with their proposal, a list of clients for whom they have performed such services during the past two (2) years. The reference list shall include the names and addresses of each client, the names, titles and telephone number of each client's manager, and the dates the work was performed. During the evaluation and selection process, the Associate Superintendent Business and Fiscal Services, Chief Financial Officer make contact each of the reference clients. Auditors are hereby advised that the Associate Superintendent Business and Fiscal Services, Chief Financial Officer maintains the sole and exclusive right to determine whether or not the Auditor can perform the work to be done. This determination will specifically address the level, background and experience of individuals to be assigned to perform the audit services.

3.17. Tentative Schedule of Events

Issue RFP	November 9, 2016
Receive proposals	January 13, 2017
Complete evaluation	January 27, 2017
Begin contract negotiations with apparent successful contractor	January 30, 2017
Award Contract	March 2, 2017

3.18. Definitions

The term School District as used in these clauses shall be construed to include the Santa Monica-Malibu Unified School District, the Board of Education, and all employers, officers and agents of Santa Monica-Malibu Unified School District.

3.19. Covenant against Contingent Fees

Auditor warrants that no person or selling agency has been employed or retained to solicit or secure the contract to be executed as a result of this Request for Proposal, upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide established commercial or selling agencies maintained by the Auditor for the purpose of securing business.

For breach or violation of this warranty, the School District shall have the right to terminate any contract that may be entered into with the Auditor and, in its sole discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

3.20. Non-Discrimination Clause

Auditor shall take action to ensure that applicants are employed and that employees are treated during employment without regard to the race, color, religion, sex, ancestry, handicap, age or national origin. Such actions include, but may not be limited to the following: employment, upgrading, demotion or transfer recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training including apprenticeship.

Auditor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State of California setting forth the provision of the Fair Employment Practices Act.

3.21. Compliance with Civil Rights

Auditors hereby assures that s/he will comply with Subchapter VI of the Civil Rights Act of 1964, USC Sections 2000 e through 2000 e (17) to the end that no person shall, on the grounds of race, creed, color, sex, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Agreement or under any project, program or activity supported by the Agreement.

3.22. Performance Bond

If required by the School District, Auditor shall deliver a performance bond issued by a surety and/or sureties licensed to do business in the State of California and acceptable to the School District.

3.23. Compensation

The School District shall pay Auditor an amount not to exceed the maximum cost proposed by Auditor for each audit year this Agreement is in effect, plus actual and necessary out-of-pocket expenses. Payments shall be made upon receipt of itemized invoices delivered monthly or less frequently at the option of the Auditor. Payment shall be made at the hourly rate specified in Sections 5.9.1, 5.9.2 and 5.9.3 of this Request for Proposal for each of the three (3) years. The School District shall retain ten percent (10%) of each payment. Such reduction to be held by the School District until all contract deliverables have been delivered by the Auditor, accepted by the School District and approved by the State Controller's Office each year the Agreement is in effect.

3.24. Supplemental Compensation and Additional Services

If during the course of the examination, the Auditor finds any unusual item or circumstance that, in their view, warrants an immediate detailed investigation, the same will be reported in writing to the Associate Superintendent Business and Fiscal Services, Chief Financial Officer. If in the opinion of the Associate Superintendent Business and Fiscal Services, Chief Financial Officer a more detail verification is required than that which would be required under ordinary circumstances, written authorization will be provided to the Auditor.

Additional services are not within the scope of services to be performed pursuant to this Agreement. If additional services are required and authorized, the Agreement will be amended to reflect the additional services and supplemental compensation shall be at the hourly rates applicable for the then-current audit year. If the additional work is not authorized by the Associate Superintendent Business and Fiscal Services, Chief Financial Officer, the audit report may be qualified according to the circumstances involved.

The School District may also request the Auditor to perform work or render services in addition to those that are unusual and customary in making an examination of books and accounts of the District. If such work is performed by the Auditor, the Agreement will be amended to reflect the scope of the work to be done. Compensation for such work shall be at the hourly rates applicable to the then-current audit year.

3.25. Auditor's Obligation to Perform Work in Accordance to Standards

If the work performed by Auditor is not in accordance with the standards as specified herein, or if the reports submitted by Auditor are not complete, or if the reports are rejected by the California State Department of Education or the State Controller's Office as incomplete, then the Auditor shall be obligated to do whatever is required to correct the reports to meet the requirements as specified in the standards, or as specified by the Department of Education and/or the State Controller's Office, at no cost to the School District.

3.26. Insurance and Indemnification

Auditor shall take out and maintain, during the term of the Agreement, such general liability and property damage insurance as is required to protect the Auditor and School District from any and all actions, suits or other proceedings which may arise as a result of the work performed by the Auditor pursuant to the Agreement with the School District. The policy so secured and maintained shall be for not less than \$1,000,000 per occurrence.

Professional liability insurance protecting from claims arising out of the performance of professional services caused by negligent act, error, or omission of the Auditor, or act for which the Auditor is legally liable, shall be provided in an amount of not less than \$1,000,000. The professional liability insurance shall remain in full force and effect for a period of two years after the termination of this contract.

The Auditor shall furnish to the School District certificates of such insurance annually on the anniversary of the contract, signed by an authorized representative of the insurance carrier, which shall name Santa Monica-Malibu Unified School District as additional insured by endorsement to the policy and shall include the statement as follows: "The insurance afforded by this policy shall not be suspended, cancel, reduced in coverage or limits or non-renewed except after thirty (30) days written notice by certified mail, proof of delivery requested, has been given to the School District."

Auditor shall hold harmless, defend, and indemnify the School District and all officers, agents and employees of the School District, from and against all liability or claims, which may arise out of or in connection with the services provided by the Auditor.

3.27. Independent Contractor

While performing services pursuant to this agreement, auditor is an Independent Contractor and not an officer, agent or employee of the School District.

3.28. Assignment of Contract

The Auditor shall not assign or transfer, by operation of law or otherwise any or all of their rights, burdens, duties or obligations without the prior written consent of the School District.

#### **4. STATEMENT OF WORK**

##### **4.1. Scope of the Audit Services**

Auditors shall submit a proposal to provide the School District with audit services for a period of three (3) years. Said audit services to include all School District funds as detailed in Attachment B.

##### **4.2. Technical Standards**

Examination of financial records and statements and audits for compliance shall be made in accordance with the provision of section 41020 of the Education Code of the State of California and shall be conducted pursuant to the standards and procedures as specified in applicable Education Code and California Code of Regulations sections in effect for each audit year.

All audit services shall be performed in accordance with generally accepted auditing standards as specified in the Statements on Auditing Standards, published by the American Institute of Certified Public Accountants, or other appropriate standards that may supersede those previously listed.

As dictated by Board policy, the audit must include all information required by law and the Governmental Accounting Standards Board (GASB).

##### **4.3. Work to Be Done**

4.3.1. Conduct a comprehensive financial audit of all School District funds as detailed in Attachment A.

4.3.2. The audit report shall include at minimum:

4.3.2.1. The auditor's opinion on the District's financial statements.

4.3.2.2. The auditor's report on the study and evaluation of internal control systems together with findings and recommendations

4.3.2.3. The auditor's report on compliance with laws, rules and regulations pertaining to federal and state programs.

4.3.2.4. Other statements or reports to satisfy state, county, and local governments' requirements, particularly the requirements of the California State Controller's Office.

4.3.3. The audit report shall include "Current Year" findings and any prior year deficiency, weakness, or condition that is still unresolved and continuing.

4.3.4. Conduct an exit conference with appropriate personnel of the School District.

4.3.5. Attend such meetings with staff of the School District as may be required during the course of the audit.

4.3.6. Prepare written reports relative to any lack of documentation at the conclusion of field audits and prior to exit conferences.

4.4. Staffing

The Auditor shall assign professional staff as appropriate to the conduct of the audits. A manager shall be assigned to coordinate activities of all Auditor staff and shall be the liaison between the Auditor and the School District. Supervising auditors shall be Certified Public Accountants, currently licensed in the State of California and shall have at least two (2) years prior experience in auditing school district financial records. The Auditor is responsible for assignment of Auditor personnel.

4.5. Audit Reports

Each report must include an opinion relative to the financial and/or compliance portions of the audit. Electronic softcopy and fifteen (15) hardcopies of each audit report shall be addressed to the attention of Santa Monica-Malibu Unified School District Board of Education. The reports shall be delivered to Associate Superintendent Business and Fiscal Services, Chief Financial Officer by no later than December 10th of each year. A copy of the audit shall be filed by the Auditor with each of the following agencies:

One copy      Los Angeles County, Superintendent of Schools

One copy      State Controller's Office, Division of Audits

Two copies    California Dept of Education, School Fiscal Services Division

Two copies    Federal Audit Clearinghouse, Bureau of the Census

4.6. Statements and Reports

All financial statements incorporated into each audit report shall be made pursuant to applicable guidelines as specified in sub-section 4.2 of this Statement of Work.

Reports on the audit of financial statements must state the scope of the audit and that the audit was performed in accordance with generally accepted auditing standards and must include an opinion as to whether the statements conform to generally accepted accounting principles.

Reports of compliance must include a statement that the audit was conducted in accordance with applicable auditing standards. The audit report must state

whether the audit disclosed instances of significant non-compliance with laws and regulations. Findings of non-compliance or ineligible expenditures must be presented in enough detail for management of the School District to be able to understand the findings and Implement corrective action.

4.7. Statement of Findings

The audit shall include a statement of findings and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of non-compliance with laws and regulations, and any other material information.

Prior to the submission of the final draft of the audit report, the Auditor shall meet with appropriate management and staff of the School District to discuss and clarify potential findings.

4.8. Working Papers

Working papers shall be retained by the Auditor for a period of three (3) years, unless otherwise specified by the School District. Such working papers shall be available for review and audit by the School District, representatives of the Federal and/or State governments and other individuals designated by the School District.

4.9. Resources to be provided by the School District

4.9.1. Prior Year's Records

Copies of prior year's financial statements, budgets, and audit reports are available and shall be provided to the Auditor. Christy White Associates performed the prior-year audits. Copies of these reports are available at <http://www.smmusd.org/fiscal/BudgetInfo.html> and <http://www.smmusd.org/fiscal/FinancialReports.html>.

4.9.2. Staff Assistance

The School District shall assign appropriate staff to assist the Auditor by providing required information and explanations. Staff of the Business Services Department will be assigned as needed to assist the Auditor in fieldwork and to provide information that is pertinent to the work of the Auditor.

4.9.3. Working Space

The School District shall provide Auditor with working space for a maximum of four (4) persons. Request for space shall be directed to the attention of the Director of Fiscal Services a minimum of four (4) weeks prior to the time the space will be required.

## 5. PROPOSAL RESPONSE REQUIREMENTS

### 5.1. General

All proposals shall be submitted in the format as specified. Provide a complete response to each request for information. The Associate Superintendent Business and Fiscal Services, Chief Financial Officer to determine the successful Auditor, will use responses to this Section of the Request for Proposal.

### 5.2. Title Page

Indicate the Request for Proposal Title being provided, the name of the firm, local address, the name of the firm's contact person for the purpose of this RFP, the email address and telephone number of the contact person, and the date.

### 5.3. Table of Contents

Include a clear identification of the material included in the firm's response by section and by page number.

### 5.4. Letter of Transmittal

Summarize understanding of the work to be done. Indicate the names of the persons who will be authorized to make representations on the part of the firm, their titles, addresses and telephone numbers. The person and/or persons authorized to execute the contract on the part of the firm shall sign the transmittal letter.

### 5.5. Proposal Letter

5.5.1. Assurance that the audit will adhere to the audit requirements of The CDE Audit Guide; and Uniform Grants Guidance, 2 CFR Part 200, Subpart F.

5.5.2. Each of the financial and compliance areas to be audited.

5.5.3. The date by which the final audit report will be provided.

5.5.4. A statement to the effect that the auditor shall make available, on request by CDE, a copy of all audit documentation pertaining to the audit.

5.5.5. Assurance that the CPA will provide two copies of the audit report and management/communication letter directly to the CDE at:

California Department of Education  
Audits and Investigations Division  
1430 N Street, Suite 5319  
Sacramento, CA 95814

5.6. Profile of Auditor

- 5.6.1. State whether the firm is local, regional, national or international.
- 5.6.2. State the location of the office from which the work will be done if the firm is awarded the contract, the number of partners, managers, senior auditors, supervisors and other professional staff employed at this office.
- 5.6.3. Describe the range of activities performed by the office from which the work will be done (i.e. auditing, accounting, tax service, management service).
- 5.6.4. Discuss this office's experience in auditing computerized systems, particularly those of school districts, including the number and classifications of personnel skilled in computer-related audit services.

5.7. Peer Review

A copy of the firm's most recent governmental peer review report, the related letter of comments, and the firm's response to the letter of comments.

5.8. Auditor's Staffing and Qualifications

- 5.8.1. Indicate the name of the person who will manage the audit services as specified in this Request for Proposal. Provide a brief resume of the manager's background, training and experience. Specifically discuss the manager's experience in managing school district audits of the size and scope as specified herein.
- 5.8.2. Indicate the names of supervising auditors who will be assigned to the audit of the School District. Provide a brief resume of the supervisor's background, training and experience in supervising audits of the size and scope of the audits as specified herein.
- 5.8.3. Indicate the levels and titles of other auditors who will be assigned to perform services under the contract. Include a job description that describes the types of experience, background and training required for each of the classifications proposed.

5.9. References

Provide a list of clients for whom the Audit firm has provided related auditing services in the past two (2) years. Indicate the scope of the audits performed for each of the reference clients. Include the name of the client, address, telephone and the name of each client's manager. Also include the names of individuals serving for the Auditor and their roles.

5.10. Auditor's Approach to the Audits

Prepare a work plan to accomplish the auditing services as specified in this Request for Proposal. The work plan shall include time estimates for each significant segment of the work; the number of staff to be assigned, including supervisors where appropriate; the level of each of the staff members to be assigned; and any specialist who will be assigned.

5.11. Costs of the Services – All District Funds

State the contract price for the audit of all funds of the School District as detailed in Attachment B or the first year services to be provided and each of the two (2) years thereafter. Costs as specified in this Section shall be based upon the scope of the work as specified herein. It is understood that if the scope of the work is increased and/or decreased the maximum cost as proposed would be adjusted upwards and/or downwards as appropriate.

5.12. Additional Information

The preceding sections shall contain only the information requested. If Auditor desires to present additional information, such additional information shall be presented in this section of the RFP. If there's no additional information to present, indicate, "There is no additional information to present."

5.13. Assurances

Auditor certifies the managing and supervising auditors that will be assigned to this job are properly licensed, certified public accountant on or before July 1, 2013.

Auditor certifies that Auditor meets the independence standards of the most recent edition of the GAO Government Auditing Standards.

Auditor understands that the primary purpose of the audit as specified herein is to express an opinion on the financial statements that such an audit is subject to the inherent risk that errors or fraud may not be detected. If conditions are discovered which lead to the belief that material errors or fraud may exist, or if any other circumstances are encountered that require extended services, the Auditor will promptly advise the School District. No extended services will be performed unless they are authorized by the School District and the agreement covering the work to be done has been amended to reflect such extended services.

Auditor shall certify that in accordance with auditing standards and other applicable guidelines and regulations, the Auditor will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations and contracts.

## 6. ANALYSIS AND EVALUATION OF PROPOSALS

### 6.1. General

This Section of the Request for Proposals describes the general procedures that will be utilized by the Associate Superintendent Business and Fiscal Services, Chief Financial Officer during the evaluation and selection process.

The School District will assemble a proposal review team. The team will be comprised of staff from the School District's Fiscal Department and Executive Cabinet. The team will evaluate each proposal to determine the "best-value" solution for the School District. The "best-value" proposal need not be the lowest cost proposal. The Auditor's ability to develop a rapport and working relationship with School District personnel will also be considered.

The School District reserves the right to use any resources and information available to it for evaluation of the RFP submittals.

It is the intention of the School District to select an Auditor who is deemed to best satisfy the requirements of this Request for Proposal, taking into consideration all aspects of the RFP response, including quality, and the cost of the services to be provided.

### 6.2. Elements of Evaluation of Proposals

#### 6.2.1. Technical Factors

- 6.2.1.1. Responsiveness of the proposal is clearly stating an understanding of the work to be performed.
- 6.2.1.2. Associate Superintendent Business and Fiscal Services, Chief Financial Officer will consider
  - 6.2.1.2.1. Appropriateness and adequacy of proposed procedures
  - 6.2.1.2.2. Necessity of procedure
  - 6.2.1.2.3. Reasonableness of time estimates
  - 6.2.1.2.4. Appropriateness of assigned staff levels
  - 6.2.1.2.5. Time-lines of expected completion
- 6.2.1.3. Technical Experience of the firm
- 6.2.1.4. Qualifications of staff, particularly prior school district audit experience
- 6.2.1.5. Size and structure of the firm

#### 6.2.2. Cost Factors

6.2.2.1. Cost of work to be performed

6.2.2.2. Cost will be a significant factor when all other evaluation criteria are relatively equal

6.3. Proposal Evaluation Method

The evaluation formula and the values assigned to the criteria that will be used by the Evaluation Committee will be weighted. Total scores will be determined by adding the points received for technical qualifications (maximum 75 points) to the points received for the cost of the audit (maximum 25 points).

6.4. Mandatory Criteria

6.4.1. The Audit firm must be a certified public accountant, properly licensed before July 1, 2013.

6.4.2. The Audit firm must meet the independence standards of the most recent edition of the GAO Governmental Auditing Standards.

6.4.3. The Audit firm must have a record of quality work.

6.5. Oral presentations

The apparent successful Auditor and/or Auditors may be requested to present a formal presentation to the Board of Education. The purpose of the presentation is to introduce the Auditor's professional staff to the Board of Education and have these staff members briefly discussed their technical and management plans for the audit services.

6.6. Auditor Selection

Following the Associate Superintendent Business and Fiscal Services, Chief Financial Officer's final selection of the apparent successful Auditor, the Associate Superintendent Business and Fiscal Services, Chief Financial Officer will enter into negotiations regarding the provisions of the Agreement. If a satisfactory contract cannot be negotiated, the Associate Superintendent Business and Fiscal Services, Chief Financial Officer may, in her sole discretion, begin contract negotiations with the second-ranking Auditor and terminate negotiations with the originally selector Auditor.

The decision of the School District is final and is not subject to review. The School District may reject all proposals submitted and negotiate with a single Auditor when it is determined to be in the best interest of the District to do so.

# **ATTACHMENT A**

## **SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**

### **LIST OF DISTRICT FUNDS**

<b>FUND 01:</b>	<b>GENERAL</b>
<b>FUND 11:</b>	<b>ADULT EDUCATION</b>
<b>FUND 12:</b>	<b>CHILD DEVELOPMENT FUND</b>
<b>FUND 13:</b>	<b>CAFETERIA SPECIAL FUND</b>
<b>FUND 14:</b>	<b>DEFERRED MAINTENANCE FUND</b>
<b>FUND 21:</b>	<b>BUILDING</b>
<b>FUND 25:</b>	<b>CAPITAL FACILITIES</b>
<b>FUND 40:</b>	<b>SPECIAL RESERVE FOR CAPITAL OUTLAY</b>
<b>FUND 51:</b>	<b>BOND INTEREST AND REDEMPTION</b>
<b>FUND 71:</b>	<b>RETIREE BENEFIT</b>
<b>FUND 76:</b>	<b>PAYROLL CLEARANCE</b>

# **ATTACHMENT B**

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**

**COST PROPOSAL RESPONSE FORM**

# SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

## REQUEST FOR PROPOSAL

### INDEPENDENT AUDIT SERVICES

### COST PROPOSAL RESPONSE FORM

To: Santa Monica-Malibu Unified School District  
1651 Sixteenth Street  
Santa Monica, CA 90404

Attention: Virginia Hyatt  
Director of Purchasing

From: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pursuant to and in compliance with your Notice to Auditors Calling for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized him/herself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

### INDEPENDENT AUDIT SERVICES

All in strict conformance with the specifications for the amounts as specified below:

#### 1. CONTRACT PRICE – ALL FUNDS OF SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Fiscal Year Ending June 30, 2017 \$ \_\_\_\_\_

Fiscal Year Ending June 30, 2018 \$ \_\_\_\_\_

Fiscal Year Ending June 30, 2019 \$ \_\_\_\_\_

2. It is understood that the School District reserves the right to reject this proposal and that this proposal will remain open and not be withdrawn for a period of sixty (60) days after the date scheduled for submission of proposals.

The names of all persons interested in the foregoing proposal as principals are as follows:

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Date Name of Firm

By: \_\_\_\_\_  
Signature of Authorized Agent

By: \_\_\_\_\_  
Signature of Authorized Agent

By: \_\_\_\_\_  
Signature of Authorized Agent

NOTE: If Auditor is a corporation, the legal name of the corporation shall be set forth above together with the signature of authorized officer or agents and the documents shall bear the corporate seal, if Auditor is a partnership, the true name of the firm shall be set forth above together with the signature of the partner or partners authorized to sign contracts on behalf of the partnership, and if Auditor is an individual, his/her signature shall be placed above.