



*Champions For Our Children*

AUDITING SERVICES  
REQUEST FOR PROPOSALS (RFP)

**Los Angeles County Children and Families First –  
Proposition 10 Commission (aka First 5 LA)**

**RELEASE DATE: February 8, 2010**



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\* There are no First5LA templates for these Appendices. Please submit in your own format.

**I. TIMELINE FOR SELECTION PROCESS<sup>1</sup>**

<b>ACTIVITY</b>	<b>DATE</b>
RFP Released	February 8, 2010
<b>On-Line Application Due:</b>	<b>March 5, 2010, 5:00 p.m.</b>
Applicant Review Process	March 8, 2010 – March 26, 2010
Contractor(s) Selected/Notified	March 19, 2010
Board of Commissioners approval	April 8, 2010
<b>Contract Start Date<sup>1</sup></b>	<b>April 9, 2010</b>

All questions and requests for additional information regarding this RFP must be received in writing by First 5 LA via mail, fax, or email before 5 p.m. on February 26, 2010. First 5 LA reserves the sole right to determine the timing and content of the responses to all questions and requests for additional information.

Questions and information requests can be submitted to:

Tracey L. Hause  
Director of Finance and Information Technology  
First 5 LA  
750 N. Alameda Street, Suite 300  
Los Angeles, CA 90012  
Direct Line (213) 248-9372  
Fax (213) 248-5903  
thause@first5la.org

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<sup>1</sup> Note: While it is First 5 LA's desire to execute the Contract for an April 9, 2010 start date, all dates are subject to change at First 5 LA's sole discretion.

## **II. BACKGROUND**

### **First 5 LA -- “Champions for Our Children”**

In 1998, California voters passed Proposition 10, which levied a 50-cent per pack tax on all tobacco products. The resulting tax revenues were earmarked for the creation of a comprehensive system of information and services to advance early childhood development and school readiness within each county in California. In Los Angeles County, First 5 LA was formed as a public entity to develop and oversee various early childhood initiatives and to manage the funding from Proposition 10. Additional information regarding First 5 LA can be found at <http://www.first5la.org/>.

## **III. ELIGIBILITY**

First 5 LA is issuing this Request for Proposal (RFP) to select a firm to perform an annual audit. A certified audit is required by the State of California annually.

Applicants responding to this RFP must have the qualifications, experience and demonstrated success in completing similar certified audits.

## **IV. DELIVERABLES AND SCOPE OF WORK**

The firm will be required to perform any and all tasks related to a certified audit including but not limited to:

1. The audits are to be performed in accordance with generally accepted auditing standards.
2. The auditors will evaluate the adequacy of the internal control systems and where weaknesses are noted, make appropriate recommendations for improvements. A management letter will be submitted by the auditing firm if material weaknesses are noted or if otherwise deemed appropriate.
3. The auditor will be required to make an immediate written report of all irregularities, fraud and illegal acts of which they become aware of to the Executive Director.
4. The audit will cover the general purpose financial statements and supporting documentation and schedules.
5. The auditing firm shall provide thirty copies of the auditor’s report, financial statements, supporting schedules, management letter and if required Single Audit Report. The partner in charge of the audit shall be available to attend at least two Meetings at which the audit report will be discussed.
6. The auditing firm shall submit a draft of the financials statements no later than Friday, September 17, 2010 by 5:00 p.m. for the fiscal year 2009-10 audit and September 15 for subsequent years.

In this regard, the Commission will provide a year-end adjusted trial balance with support schedules in mid August of each year. Records for appropriate testing will be made available immediately after June 30 of each year.

7. The Commission also requires an annual review by an independent accountant of the Commission's compliance with the current investment policy relating to the investment portfolio maintained with the Los Angeles County Treasurer.
8. The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the Commission, upon the Commission's written consent. The auditing firm will retain working papers, at the firm's expense for a minimum of five years, or longer if required by generally accepted auditing standards.
9. Dates to be considered:

Interim work	May 2010
Field work	August 2010
Draft financial statements completed	September 17, 2010
Present draft financial statements to Operations Committee	Week of September 27, 2010
Draft audit report completed	October 1, 2010
Present financial statements to Board of Commissioners	October 14, 2010
Audited Financial Statements due to the State of California	November 1, 2010

## V. TERMS OF SERVICE

### Available Funding

A final budget will be negotiated once a firm has been selected. Funds will be granted through monthly invoices based on services rendered and actual expenses. Funds are available in the FY 2009-10 Operating Budget of \$10,822,075 adopted by the Board of Commissioners on June 11, 2009.

### Contract Period

The contract period will be from approximately April 1st through December 31st annually. It is the intent of the Commission to contract with a firm for five years. The Firm is not authorized to deliver or commence services as described in the application until written approval has been obtained from First 5 LA. Any performance of services commenced prior to the Firm obtaining an executed Contract from First 5 LA shall be considered voluntary.

### Contractual Obligation

The selected firm is required by law to adhere to all contractual obligations as outlined in this document, including the First 5 LA Contract. (See Appendix 3: Sample Contract)

## VI. STATEMENT OF QUALIFICATIONS

Firms interested in assisting First 5 LA with experience in performing annual financial audits are asked to submit a proposal of no more than ten (10) pages including:

1. Please provide a brief description of the organization, size and structure of your firm. Please include information on the division that focuses on public entities, or related types of organizations.
2. A draft work plan that outlines the entirety of the proposed process(es). The work plan should describe the proposed approach to be taken, including a timeline and suggestions for strategies that may be necessary for completing the audit.
3. A description of the firm's approach and experience with similar engagements.
4. Identification of key personnel proposed to work with First 5 LA including background, relevant experience, and time available to complete this project.
5. Names and contact information for at least three references from current and former clients.
6. Proposed Budget for project:

Provide a proposed budget based on deliverables in a separate word document. Include cost breakdowns for the following milestones of the project:

- Completion of interim work
  - Completion of field work
  - Draft Financial Statements
  - Completed Financial Statements
  - Single Audit (if required)
  - Independent Accountant's Report on applying agreed upon procedures to ensure compliance with the adopted Investment Policy.
7. Brief description of any on-going regulatory actions.

Qualified parties should submit information sufficient to support their qualifications to perform this service. First 5 LA reserves the right to request additional information and/or to begin negotiating with the most qualified bidder.

**Additional Required Documentation (not a part of 10 page proposal):**

1. Agency Involvement in Litigation and/or Contract Compliance Difficulties (Appendix 1): Please read the information on the required Agency Involvement in Litigation and/or Contract Compliance Difficulties form thoroughly. An unsigned form or its omission will constitute an incomplete application and will be grounds for disqualification.
2. Signature Authorization Form (Appendix 2): This form is required in order to verify signature authority to enter into contractual agreement with First 5 LA. If not outlined in the applicant's Bylaws, a Board Resolution or Partnership Agreement must be submitted, as applicable, that indicates signature authority. Applicants must submit two original forms signed in **blue** ink.
3. Copy of Bidder's Business License
4. Proof of Commercial General Liability Insurance
5. Copy of your firm's most recent peer review.

**Please submit hard copies of the above by March 5, 2010 in order to be considered a viable bidder to:**

Tracey L. Hause  
Director of Finance and Information Technology  
First 5 LA  
750 N. Alameda Street, Suite 300  
Los Angeles, CA 90012

\* These are the only forms the bidder will be providing via hardcopy.

**VII. SELECTION PROCESS AND REVIEW CRITERIA**

**Selection Process**

**Phase I:**

- Staff will check for application completeness and adherence to application requirements.
- External reviewers with expertise in the field are recruited to score applications. Review tools are strictly adhered to by all staff and external reviewers to mitigate the potential of bias. In accordance with First 5 LA policy, both external and internal reviewers sign a conflict-of-interest form.

## **Phase II:**

- Review scores are tabulated and semi-finalists are invited to an applicant interview with the members of the interdepartmental team that will include the Director of Finance and Information Technology and other Finance staff. Applicant interview scores are given by each member of the interview team using a standardized review tool.

## **Phase III:**

- Reference checks will be completed for the final applicants. Again, these reference checks are scored with a standardized review tool.

## **Selection Criteria**

First 5 LA will award a Contract to one applicant with the expertise and qualifications outlined in the RFP.

First 5 LA reserves the right, without prejudice, to reject any or all submitted qualifications. An appeals process is not available.

## **VIII. CONTRACTUAL CONSIDERATIONS**

Specific contractual considerations, including but not limited to the following, apply to Request for Proposals (RFP) submission process and project implementation and to any contracts that result from the submission and implementation of the project/proposal. The contractor will need to comply with all of the provisions in the attached sample contract (See Sample Contract).

### *A. Conflict of Interest*

**The selected Contractor will be required to comply with the COMMISSION's Conflict of Interest provisions, as outlined in the contract, and as applicable under California Law.** Contractor acknowledges that he/she/it is acting as public official pursuant to the Contract and shall therefore avoid undertaking any activity or accepting any payment, employment or gift from any third party that could create a legal conflict of interest or the appearance of any such conflict. A conflict of interest exists when one has the opportunity to advance or protect one's own interest or private interest of others, with whom one has a relationship, in a way that is detrimental to the interest, or potentially harmful for the integrity or fundamental mission of the COMMISSION. Contractor shall maintain the confidentiality of any confidential information obtained from the COMMISSION during the Contract and shall not use such information for personal or commercial gain outside the Contract. By agreeing to the Contract and accepting financial compensation for services rendered hereunder, Contractor agrees that he/she/it will not subsequently solicit or accept employment or compensation under any program, grant or service that results from or arises out of the funded project and related initiative(s). During the term of the Contract and for one year thereafter, Contractor will not knowingly solicit or accept employment and/or compensation from any COMMISSION collaborator or Contractor without the prior written consent of the COMMISSION.

## B. *Compliance*

Current/Former grantees and/or Contractors must be in good standing and in compliance with all aspects of their contract with the COMMISSION in order to be eligible to apply for the current RFP. The COMMISSION may deem an applicant ineligible if it finds in its reasonable discretion, that applicant has done any of the following, including but not limited to: (1) violated any significant terms or conditions of Grant Agreement/Contract; (2) committed any act or omission which negatively reflects on Applicant's quality, fitness or capacity to perform services listed in RFP with the COMMISSION or any other public entity, or engaged in a pattern or practice which negatively reflects on the same; (3) committed an act or offense which indicates a lack of business integrity or business dishonesty; or (4) made or submitted a false claim against the COMMISSION or any other public entity.

## C. *Contract Information*

1. The COMMISSION may, at its sole discretion, reject any or all submissions in response to this RFP. The COMMISSION also reserves the right to cancel this RFP, at its sole discretion, at any time before execution of a contract. The COMMISSION shall not be liable for any costs incurred in connection with the preparation of any submissions in response to this RFP. Any cover letters, résumés and/or curriculum vita, including attached materials, submitted in response to this RFP shall become property of the COMMISSION and subject to public disclosure.
2. The agency/organization submitting an application agrees that by submitting an application it authorizes the COMMISSION to verify any or all information and/or references given in the application.
3. The COMMISSION reserves the right, after contract award, to amend the resulting contract, scope of work, and any other exhibits as needed throughout the term of the contract to best meet the needs of all parties.
4. The COMMISSION reserves the right to request additional financial information to verify applicant's past and current financial status. This information includes, but is not limited to: the most recent independent audit ending Calendar Year 2008 Fiscal Year June 30, 2008, Cash Flow Statement, Statement of Activities (Income Statement), and Statement of Financial Position (Balance Sheet).
5. Consistent with the intent of Proposition 10: California Children and Families Act of 1998, no monies for this Project may be used to supplant Federal, State, County and/or other monies available to the organization for any purpose. Activities funded under this proposal must be new or enhancements to existing activities.
6. The award of a contract by the COMMISSION to an individual/agency/organization that proposes to use sub contractors for the performance of work under the contract resulting from this application process shall not be interpreted to limit the COMMISSION's right to approve subcontractors, assemble teams and/or assign leads. Each applicant will be evaluated independently for added value to the overall team. A copy of executed subcontract(s) related to Program funding must be provided to the COMMISSION.

7. The selected Contractor will be required to sign the contract at least two (2) weeks prior to the intended start date of the contract, as outlined in Terms of Contract section, to assure the timely completion of the signature process by all parties. If the contract is not signed prior to the intended start date, the commencement of any activities under the Exhibit A – Scope of Work will not begin until the contract execution date (the date all parties have signed the contract) and Contractor will not be eligible to obtain reimbursement for any costs incurred prior to the contract execution date, unless otherwise approved by the COMMISSION. If this Contract is not signed within the thirty-day (30) period from the intended start date, the COMMISSION has the right to withdraw the contract award. Any agreed upon changes to the intended start date must be confirmed in writing by both parties.
  
8. Unless otherwise submitted during the application process, the selected Contractor will be required to submit the required documentation listed on the Contractor Checklist, which includes, but not limited to, the following documents before the Contract can be fully executed:
  - Agency Involvement in Litigation and/or Contract Compliance Difficulties Form
  - By-laws (if applicable)
  - Articles of Incorporation (if applicable)
  - Board of Directors or List of Partners (as applicable)
  - Signature Authorization Form
  - Form RRF-1 (required and filed annually with the California Attorney General's Registry of Charitable Trusts) and IRS Form 990 (if applicable)
  - Annual Independent Audit for prior fiscal year or calendar year (if applicable)
  - Appropriate business licenses (for vendors or private organizations)
  - IRS Letter of Determination (if applicable) or completed IRS Form W-9
  - Memorandums of Understanding (for any sub-contractors, collaborators, and/or partners listed under Contracted Services and Evaluation sections of Exhibit B – Budget Forms)
  - Certificates of Insurance for all insurance requirements outlined in the contract.
  
9. Per the COMMISSION's Policy and Guidelines for Hiring Consultants (Section 7), the total composite rate for a Consultant may not exceed \$150 an hour. This means that the total cost of billable hours associated with a contract divided by the total number of hours billed must be equal to or less than \$150. A blended rate is allowable. For example, for a contract totaling \$150,000, a consultant may bill 500 hours for Consultant A at \$200/hour, and 500 hours for Consultant B at \$100/hour, with a total composite rate of \$150/hour (1,000 total hours divided by \$150,000 in billable hours = \$150/hour).
  
10. The sample contract and contracting requirements are attached (See Sample Contract). If successful, the Contractor will be required to meet all of the terms and provisions set forth in these documents and within the timeframe identified.

## **IX. APPENDICES**

**All Appendices are included as separate attachments.**