

BOARD MEETING DATE: April 3, 2015

AGENDA NO. 10

PROPOSAL: Execute Contract for Independent Audit Services for FYs Ending June 30, 2015 and 2016

SYNOPSIS: On November 7, 2014, the Board approved release of an RFP for independent financial audit services. An evaluation panel composed of outside and SCAQMD Legal and Finance staff evaluated the proposals. Three proposals were submitted to the Administrative Committee for consideration at its March 13, 2015 meeting. After the Committee interviewed representatives of each of the firms, Simpson & Simpson, CPAs was selected to be recommended to the full Board.

COMMITTEE: Administrative, March 13, 2015; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chairman to execute a contract with Simpson & Simpson, CPAs for performance of SCAQMD's Financial Audits for FYs ending June 30, 2015 and 2016 in an amount not to exceed \$84,000.

Barry R. Wallerstein, D.Env.
Executive Officer

MBO:SJ:lg

Background

A financial audit is annually performed on the SCAQMD in compliance with the California Government Code and Single Audit Act of 1996. This audit is performed by independent Certified Public Accountants, and their reports are addressed to the Board.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders may have been notified utilizing SCAQMD’s own electronic listing of certified minority vendors. Notice of the RFP/RFQ has been emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD’s website (<http://www.aqmd.gov>).

Bid Evaluation

Fifty-six copies of RFP #P2015-17 were sent out to firms who have requested to be notified of SCAQMD procurements for auditing services. Eight proposals were received prior to the bid closing at 1:00 p.m. on January 8, 2015. One proposal was deemed to be nonresponsive due to an incomplete cost schedule, and one proposal did not meet the required minimum technical score.

An evaluation panel was convened to evaluate the remaining seven proposals and consisted of an external local government Finance Director with governmental finance experience and three SCAQMD staff: a Chief Financial Officer (CPA), a Senior Deputy District Counsel, and the Controller (CPA). The panel’s composition was one Asian Pacific American, one Hispanic, two Caucasian; three female, one male. The evaluation results for the top six bidders are as follows:

BIDDER	ANNUAL AUDIT HOURS	BID AMOUNT 3 YEARS	TECHNICAL SCORE	NO PREVIOUS AUDIT ENGAGEMENT WITH SCAQMD	LOCAL FIRM	TOTAL POINTS *	OVERALL RANK
Simpson & Simpson, CPAs	450	\$126,000	70	***	√	116	1
Lance, Soll & Lunghard, LLP	409	\$120,000	65	√	√	113	2
BCA Watson Rice LLP	492	\$162,890	66	**	√	100	3
Mayer, Hoffman McCann, P.C.	455	\$143,590	64	√	√	98	4
Vasquez and Co, LLP	609	\$248,880	61	√	√	84	5
Macias, Gini & O’Connell LLP	654	\$249,400	63	√	√	78	6

* Total maximum points of 125

** Contracted auditing firm for SCAQMD 3 years ago (formerly Thompson, Cobb, Bazilio and Associates, LLP.)

*** Current SCAQMD auditors.

The selection criteria used to rank the proposals included responsiveness to the RFP; technical expertise; qualifications and experience; past performance; cost; SB/SBJV/DVBE/DVBEJV/DVBE/SB subcontractors/local business designation (non-EPA). Additional points were available for no previous audit experience with SCAQMD and for knowledge and understanding of the Governmental Accounting Standards Board Statement No. 68 “Accounting and Financial Reporting for Pensions.” Based on the panel’s assessment of the criteria, the top three bidders were submitted to the Administrative Committee for its consideration and recommendation to the full Board. The Committee selected Simpson & Simpson, CPAs.

Resource Impacts

The maximum audit costs, including out of pocket expenses, are \$42,000 and \$42,000 for FYs ending June 30, 2015 and 2016, respectively. Funding will be requested through the annual budget process.