



INLAND VALLEY DEVELOPMENT AGENCY/ SAN BERNARDINO
INTERNATIONAL AIRPORT AUTHORITY

REQUEST FOR PROPOSALS
For
PROFESSIONAL AUDIT SERVICES

Gary L. Silvius
Interim Chief Finance Officer
Inland Valley Development Agency/ San Bernardino International Airport Authority
1601 E. Third Street
San Bernardino, CA 92408

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I. INTRODUCTION

A. General Information

The Inland Valley Development Agency and San Bernardino International Airport Authority (Agency/Authority) are requesting proposals from qualified certified public accountant firms to audit their financial statements for the three fiscal years beginning with the fiscal year ending June 30, 2012. The audit will to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards (1994) issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

There is no expressed or implied obligation for the Inland Valley Development Agency or the San Bernardino International Airport Authority to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

To be considered, two (2) copies of a proposal as well as one electronic copy must be delivered in a sealed envelope marked "RFP for Audit Services" to the attention of Kelly Berry, Clerk of the Board, at 1601 E. Third Street, San Bernardino, California 92408, no later than 2:00 P.M. on Thursday, February 16, 2012. The Agency/Authority reserve the right to reject any or all proposals submitted.

During the evaluation process, the Inland Valley Development Agency and San Bernardino International Airport Authority reserve the right, where it may serve the Agency/Authority's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of Agency/Authority, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Agency/Authority reserve the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Inland Valley Development Agency and San Bernardino International Airport Authority and the firm selected.

It is anticipated the selection of a firm will be completed by March 2, 2012. Following the notification of the selected firm, a recommendation will be prepared for review and approval by the Agency/Authority's Boards of Directors at its March 14, 2012 meeting. The Agency/Authority reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

B. Term of Engagement

It is the intent of the Agency/Authority to contract for the services presented herein for a term of three (3) years. Additionally, the Agency/Authority has the option to extend two (2) additional years (in single year increments). Notwithstanding the intended three-year duration of the proposed contract, the contract may be terminated by the Agency or Authority upon 30 days written notice.

The proposal package shall present all inclusive audit fees for each year of the contract term.

II. NATURE OF SERVICES REQUIRED

A. Scope of the Work to be Performed

The Inland Valley Development Agency and San Bernardino International Airport Authority are requesting proposals from qualified firms of Certified Public Accountants to audit their financial statement for the fiscal year ended June 30, 2012 and each of the subsequent years of the audit firm's contract with the Agency/Authority.

The selected independent auditor will be required to perform the following tasks.

1. The audit firm will perform an audit of all funds of Inland Valley Development Agency and San Bernardino International Airport Authority. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The District's audited financial statement will be prepared and word processed by the audit firm. The financial statement will be in full compliance with GASB 34. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to each major fund of the Inland Valley Development Agency.
2. As needed, the audit firm will perform a single audit on the expenditures of federal grants, as needed, in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the District's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
3. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the Agency/Authority's Executive Director.
4. The audit firm may be required to prepare the Annual State Controller's Reports for the Inland Valley Development Agency and San Bernardino International Airport Authority. Additional work beyond the audit engagement should be agreed to and billed separately from the audit at the same rates.

B. Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with:

1. Generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants;
2. The standards applicable to financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act of 1984, as amended in 1996.
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, Audits of State and Local Governments.

C. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the Inland Valley Development Agency or San Bernardino International Airport Authority of the need to extend the retention period. The auditor will be required to make working papers available to the Agency/Authority or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

D. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: Executive Director; the Agency/Authority's Attorney; and the Chief Financial Officer.

E. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements if required.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.

3. A report on compliance and internal control over compliance applicable to each major federal program, if required.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the management (the "Management Letter") which shall be referred to in the reports on compliance and internal controls.

The most recent audit reports for the Agency and Authority (2010/11) are available on the web site www.sbdairport.com in the Current Events/Press Release Section.

III. DESCRIPTION OF THE AGENCY/AUTHORITY

The Inland Valley Development Agency (Agency) is a joint powers authority formed pursuant to the provisions of the Government Code of the State of California and is comprised of four local governmental entities. These entities are the County of San Bernardino, the Cities of San Bernardino, Colton and Loma Linda. The Agency was initially formed pursuant to a Joint Powers Agreement dated January 24, 1990, which was subsequently amended on February 12, 1990. The Agency has the ability to exercise redevelopment powers pursuant to special legislation which became a part of the California Community Redevelopment Law. Specifically, Health and Safety Code Section 33320.5, which became effective January 1, 1990 provides that the Agency shall have, and exclusively exercise, powers of a redevelopment agency pursuant to the Californian Community Redevelopment Law in connection with the redevelopment of a redevelopment project area approved by such joint powers authority.

The San Bernardino International Airport Authority (Authority) is a joint powers authority created May 12, 1992 primarily for the purpose of acquiring, operating, maintaining and administering the aviation related portions of the former Norton Air Force Base property located in San Bernardino, California. The following entities are members of the Authority: County of San Bernardino, the Cities of San Bernardino, Colton, Highland and Loma Linda.

The Agency/Authority's current audit relationship is with Rogers, Anderson, Malody & Scott, CPA's. It is in the Agency/Authority's best interest to issue an RFP in order to evaluate current costs being assessed and promote the independence integral to the audit relationship.

Proposals for partial services or a varied scope of work will not be considered.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to, and including, the date proposals are to be submitted:

<u>Date</u>	<u>Activity</u>
January 26, 2012	Request for Proposal issued
February 16, 2012	Due date for proposals (due by 2:00 p.m.)
March 14, 2012	Contract awarded by Agency/ Governing Body

B. Date Audit May Commence

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage. It is expected the Agency/Authority will close its books and be ready for the final audit by early to mid September, 2012.

C. Date Reports Are Due

The auditor shall provide all adjusting journal entries to the Chief Financial Officer within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed audited financial statement, and other reports shall be delivered to the Chief Financial Officer. It is anticipated that this process will be completed and the final products to be delivered by mid-November.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff will be available during the audit to assist the firm by providing information, documentation and explanations.

B. Work Area, Telephone and Office Equipment

The Agency/Authority will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided access to a telephone, photocopying, FAX machines and internet access.

C. Report Preparation

The audited financial statement report preparation and editing shall be the responsibility of the auditor. The auditor will provide fifteen (15) bound copies, one (1) unbound copy and one (1) electronic copy (PDF) of the audited financial statement.

VI. REQUEST FOR PROPOSAL

Mandatory Elements

- a. The audit firm is independent and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any of the work performed by the firm for the Agency/Authority.
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. The firm's past experience and performance on comparable engagements.
- f. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- g. Adequacy of proposed staffing plan for various segments of the engagement.
- h. Thoroughness of approach to conducting the audits of the Agency/Authority and demonstration of the understanding of the objectives and scope of the audits.
- i. Commitment to timeliness in the conduct of the audit.
- j. Maximum fees to conduct the audit.

Cost will not be the primary factor in the selection of an audit firm.

Oral Presentation

During the evaluation process, the Agency/Authority may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions there may be on a firm's proposal. Not all firms will be asked to make such oral presentations.

“Attachment A”

AUDIT WORK COST PROPOSAL FORM

NAME OF FIRM: _____

Service	Minimum Required			District Option to Extend	
	2011/12	2012/13	2013/14	2014/15	2015/16
Agency/Authority Audit & Related Reports	\$	\$	\$	\$	\$
Single Audit and Related Reports, if applicable in any year	\$	\$	\$	\$	\$
Preparation of Annual State Controllers Report	\$	\$	\$	\$	\$
Total for Fiscal Year (not-to exceed)	\$	\$	\$	\$	\$

“Attachment B”

ESTIMATE OF COST

Name of Firm: _____

Address: _____

Contact Name: _____

Contact Phone #: _____ Fax #: _____

Contact Email: _____

1. Auditor’s Standard Billing Rates

Auditors Standard Hourly Billing Rates						
		Minimum Required			District Option to Extend	
POSITION	No. of Hours	2011/12	2012/13	2013/14	2014/2015	2015/16
Partner		\$	\$	\$	\$	\$
Manager		\$	\$	\$	\$	\$
Senior Accountant		\$	\$	\$	\$	\$
Staff Accountant		\$	\$	\$	\$	\$
Clerical		\$	\$	\$	\$	\$