



10900 183rd Street,
Suite 350
Cerritos, CA 90703

Request for Proposal

Independent Audit Services

2023-2024

Release Date: September 22, 2023

Public Announcement: Press Telegram, September 22, 2023

Proposal Deadline: January 2, 2024

Bidder's Conference: October 16, 2023

Questions pertaining to this Request for Proposal (RFP) must be communicated in writing and received via email by **November 27, 2023, at 3:00 PM (Pacific Time)**. Questions must be sent to the email address below and should include the Proposer's name and reference to the appropriate page and section number of the RFP. Questions and answers will be posted on the SELACO WDB webpage listed below by **November 30, 2023, at 5:00 PM (Pacific Time)**:

Contact: Ana Mercado, MIS and Compliance Coordinator; ana.mercado@selaco.com

I. GENERAL AND BACKGROUND INFORMATION

A. GENERAL INFORMATION

You are invited to submit a proposal for furnishing independent audit services to the Workforce Development Corporation of Southeast Los Angeles County, Inc. (d/b/a Southeast Los Angeles County Workforce Development Board (SELACO WDB). The purpose of these audit services will be: (1) to express an opinion on the fairness of the presentation of the Agency's financial statements for the twelve (12) months ending June 30, 2024; and (2) to perform a single audit in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, Subpart F).

B. THE AGENCY

SELACO WDB is a private, non-profit entity incorporated in the State of California and exempt under Section 501(c)(3) of the Internal Revenue Service Code. It is formed by a public joint powers authority consisting of the cities of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, Lakewood, Norwalk, and Paramount to serve as the grant recipient and administrative entity for the Southeast Los Angeles County Workforce Development Local Area.

SELACO WDB is an equal opportunity employer and contractor and does not discriminate in contracting on the basis of sex, marital status, age, race, creed, color, disability or physical or mental condition, religion, national origin or ancestry, political affiliation or belief, or heritage. In order to comply with federal procurement regulations and SELACO WDB's Procurement Policies, consideration in the contracting process will be given to small and minority owned firms, women's business enterprises and labor surplus area firms, all of which are encouraged to respond to this Request for Proposals.

SELACO WDB is responsible for the receipt, disbursement and safeguarding of approximately \$8,500,000 in funding per year over the past three years, which it uses to provide a variety of workforce development, education, and training programs to eligible individuals. SELACO WDB also receives other federal, state, and local funding in lesser amounts that is for purposes generally related to its primary mission in workforce development.

As a recipient of federal financial assistance, SELACO WDB is required to have an annual financial and compliance audit, covering the Fiscal Year from July 1, 2023, through June 30, 2024. Audit requirements specified in the Uniform Guidance, Subpart F require nonfederal entities that expend a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year to have either a single audit or a program-specific audit. Nonfederal entities that expend federal awards under more than one federal program must have a single audit.

C. THE SINGLE AUDIT

As referenced above, the Single Audit is a special type of governmental audit of the financial statements of state and local governments, as well as many non-profit entities that receive federal financial assistance. The requirements of the Single Audit are established by federal legislation and regulation and are very stringent. The standards for the Single Audit begin with the Generally Accepted Government Auditing Standards (GAGAS) promulgated by the American Institute of Certified Public Accountants (AICPA), but go well beyond GAGAS to include standards issued by the US General Accounting Office (GAO) regarding general governmental auditing, as well as requirements issued by the Office of Management and Budget (OMB) to comply with the federal Single Audit legislation. The Single Audit must be conducted in accordance with all three levels of auditing standards in order to be acceptable to the federal grantor agencies.

In a technical sense, the single audit might be defined as any governmental audit that is performed in accordance with the provisions of Subpart F of the Uniform Guidance, "Audits Requirements". In a practical sense, however, this means that the auditor must perform a comprehensive audit of an entity receiving federal assistance that not only renders an opinion on that entity's general purpose or basic financial statements, but also tests both the internal control structure and compliance with applicable laws and regulations in a thorough enough manner to satisfy the federal grantor agency that its funding is being used for the purpose they were intended. To meet these requirements, the auditor must perform sampling and testing procedures in addition to those required by regular commercial or governmental audits, prepare additional reports, and submit those reports to the "cognizant agency".

II. PROPOSAL INSTRUCTIONS

A. INSTRUCTIONS

Each proposal must be in accordance with the provisions of the Request for Proposal (RFP) described herein. Before preparing a proposal, carefully examine the RFP and become fully informed as to all existing conditions.

Submission of a proposal shall be considered evidence that the firm has fully studied the RFP and that your firm is satisfied as to the conditions to be encountered in performing the work and the requirements of the RFP.

The proposal shall be signed by an authorized representative of the firm. The firm shall furnish documentation that the person signing the proposal is empowered with signatory authority for the firm.

B. SUBMISSION OF THE PROPOSAL

For consideration, Proposals must be submitted **no later than 3:00pm on January 2, 2024**. Proposals received after the deadline will not be considered. Please refer to the Tentative Solicitation and Engagement Schedule on page 10 of the RFP.

Proposal Submittals must be sent via email, with a subject title **Response to Request for Proposal for Audit Services** to:

Ana Mercado: ana.mercado@selaco.com

Proposals by facsimile are not acceptable.

C. QUESTIONS AND CLARIFICATIONS

All questions, interpretations, or clarifications, either administrative or technical, must be requested in writing via email and received by SELACO WDB **no later than November 27, 2023**.

Questions must be sent via email, with a subject title **Question to Request for Proposal for Audit Services** and directed to:

Technical:

Chau Diep: Chau.Diep@selaco.com

Administrative:

Ana Mercado: Ana.Mercado@selaco.com

All questions will be answered in writing and conveyed to all firms on SELACO WDB's website.

D. BIDDER'S CONFERENCE

Request to attend the Bidder's Conference must be sent via email, with a subject title **RSVP for Single Audit RFP Bidder's Conference** and directed to:

Ana Mercado: Ana.Mercado@selaco.com

All requests to attend must be received by SELACO WDB **no later than October 13, 2023, by 3:00PM**.

Upon receipt of a request to attend the Bidder's Conference, you will receive the meeting details via email. The meeting will be hosted virtually on zoom.

III. PROPOSAL FORMAT

To facilitate the review of the proposals by SELACO WDB, the proposal shall conform to the format outlined below. Failure to submit the proposal in this format may be cause for rejection.

- A. Section 1 Transmittal letter
- B. Section 2 The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. (Please provide a listing of the hourly rates applicable to this engagement, by staff, management, and partner(s)).
All costs identified should be necessary and reasonable and remain valid for the duration of the audit.
- C. Section 3 Technical proposal as follows:

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL SECTION!

1. Firm Background and Experience: Must have experience auditing federal employment and training programs, including programs under the Job Training Partnership Act (JTPA), the Workforce Investment Act (WIA), or the Workforce Innovation and Opportunity Act (WIOA), state-funded child development programs from California Department of Education (CDE), and other state and county employment and training programs, and focus on non-profit accounting. Provide a three (or fewer) page summary of your firm's qualifications, credentials, size of the firm, whether Small, Minority and/or Women-owned business and experience related to conducting single audits of not-for-profit entities. Be sure to include relevant federal programs audit experience (i.e., WIA, WIOA, CDE).
2. Peer Review: Indicate the date of last peer review. The AICPA requires public accounting firms to undergo a peer review of their accounting and/or auditing practice. Third party accounting firms or other persons qualified to conduct peer reviews perform these reviews. In addition, paragraph 3.96 of GAS requires that audit organizations obtain an external peer review at least once every three years that is sufficient in scope to provide a reasonable basis for determining if, for the period under review, the reviewed audit organization's system of quality control was suitably designed and if the audit organization is complying with its quality control

system in order to provide the audit organization with reasonable assurance of conforming with applicable professional standards.

3. Engagement Staff Qualifications: Furnish the names, positions, education, and experience of each member of the proposed Engagement Staff. The audit must be performed by a Certified Public Accountant who possesses a valid license to practice within the State of California

Each such person must also have experience auditing federal employment and training programs, state-funded child development programs, and other state and county employment and training programs.

4. Other Information: The firm should also provide an affirmative statement that it is independent of SELACO WDB as defined by generally accepted auditing standards.
5. Assurance: The firm should include an affirmative statement to the effect that that the firm, if awarded a contract for this audit engagement, will comply will all applicable federal, state, and local requirements governing the audit of not-for-profit recipients of federal financial assistance.
6. Method of Approach: At a minimum, discuss the following items in sufficient details to indicate a clear understanding of each item. If applicable, also discuss how each item will be controlled and/or managed.

- Scope of Work
- Statistical Sampling
- Analytical Procedures
- Internal Control Structure
- Anticipated Potential Audit Problems
- Benchmarks and time estimate of each audit phase and task

IV. EVALUATION AND SELECTION PROCESS

A. EVALUATION PROCESS

The proposals will be evaluated in detail. Proposers may be asked to present and explain their proposals at management and technical levels. The proposal which then appears functionally

most favorable will be compared to other proposals for cost purposes. This analysis will examine difference in costs and benefits. Cost differences must be justified by the value of greater benefits. The detailed evaluation may result in selection of several proposers. Before final award, SELACO WDB may meet with these proposers for staff interviews. Upon selection of a proposer by the SELACO WDB's Governing Board, contract negotiations will be started as soon as possible. If a contract for any reason cannot be negotiated, another proposer may be selected. SELACO WDB reserves the right to negotiate a contract with one or more proposers. Only one contract, however, will be awarded.

B. EVALUATION PROCEDURE

An objective evaluation procedure will be utilized to assist in the comparative analysis of alternatives and the selection process. The procedure will enable evaluators to weight factors to each of the criteria used for evaluation (Exhibit A).

C. EVALUATION COMMITTEE

The evaluation will be performed by a committee recommended by the Executive Director. The SELACO WDB's Governing Board will make the final selection decision. SELACO WDB may require representatives of the proposer to make oral presentations or to provide written clarification of the proposal. The assessment of points shall be based upon the judgement of the evaluators from their reviews of the documentation provided in the proposals and any clarification thereto in accordance with the predetermined evaluation criteria (Exhibit A).

D. NOTIFICATION OF AWARD

It is expected that a decision selecting the successful audit firm will be made within 100 days of the closing date for the receipt of proposals. Upon conclusion of the final negotiations with the selected audit firm, all Offerors submitting proposals in response to this Request for Proposal will be notified of the name of the selected audit firm.

E. RIGHT OF REJECTION

SELACO WDB reserves the right to reject any or all proposals.

F. APPEAL PROCEDURES

The SELACO WDB shall consider any protest or objection regarding the award of a contract, provided it is filed within ten (10) calendar days immediately following the date of notification of the recommendation to award a contract.

An appeal must be based on at least one of the following reasons:

1. The action of the Proposal Review Committee contradicts applicable laws and regulations.
2. It can be demonstrated that material was submitted in a timely and proper manner and, pertinent to the decision for award(s) was not presented to the Committee.

All appeals must be in writing and mailed or hand delivered. SELACO WDB's Executive Director with the support of the Contracts and Compliance Department will review all submitted appeals and will present them to the SELACO WDB for final decision.

Appeals must be addressed to:

The SELACO Workforce Development Board
Attention: Yolanda Castro, Executive Director
CC: Sandra Michel, Director, Policy and Compliance

The SELACO WDB will respond in writing to the appeal within fifteen (15) working days of the close of the protest period. Notification will include the final decision on the protest and the basis for the decision.

V. SCOPE OF WORK

SELACO WDB desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

A. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute

of Certified Public Accountants, the standards for financial audit set forth in the U.S. General Accounting Office's Government Auditing Standards, and the Audit Guide for Auditors of Child Development and Nutrition Programs, issued by the California Department of Education. SELACO WDB receives more than \$750,000 in Federal funds; therefore, the audit must also be performed in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, Subpart F).

B. REPORTS TO BE ISSUED

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

1. Financial Reports

- a. Statement of Financial Position
- b. Statement of Activities
- c. Statement of Functional Expenses
- d. Statement of Cash Flows
- e. Notes to the Financial Statements
- f. Schedule of Expenditures of Federal and State Awards
- g. Supplementary Information as required by various grants

2. Management Letter on Internal Accounting Control

The auditor shall communicate any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect SELACO's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

C. 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 Executive Director, Board President, and Board Treasurer per SAS No. 53, The Auditor's

Responsibility to Detect and Report Errors and Irregularities, and SAS No. 54, Illegal Acts by Clients.

D. WORKING PAPER RETENTION, ACCESS TO WORKING PAPERS AND AVAILABILITY OF PRIOR AUDIT REPORTS

All working papers and reports must be retained, at the auditor's expense, for a minimum of three years, unless the firm is notified in writing by SELACO WDB of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to SELACO WDB or its designees.

Interested proposers who wish to review prior years' audit reports and management letters should contact Chau Diep at (562) 402-9336, extension 1223 or at Chau.Diep@selaco.com. SELACO WDB will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposal.

E. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

1. Accounting Department

The accounting department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. Staff support and documentation can be provided electronically. In-person support can be provided through platforms such as zoom. The preparation of confirmations will be the responsibility of SELACO WDB.

Accounting staff will prepare reasonably required statements and schedules for the auditor. Sample formats of each work paper must be submitted.

2. Work Area

SELACO WDB will provide the auditing team with reasonable workspace and chairs. The auditor will also be provided with the use of SELACO WDB's photocopying facilities, fax, and access to phone to accomplish the Audit. Remote work areas are acceptable. Request for and documentation can be provided and requested electronically. In-person meetings can be provided through platforms such as zoom.

3. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

F. COMPLETION OF AUDIT

1. Draft Report

The auditor shall have drafts of the audit report(s) and recommendations to management available for review by the Executive Director and the Finance Director. Please refer to the Tentative Solicitation and Engagement Schedule on Page 11.

2. Exit Conference

Please refer to the Tentative Solicitation and Engagement Schedule.

3. Final Report

The final report will be due to SELACO WDB by October 31, 2024. Final reports can be submitted via an electronic email. Also, by November 15, 2024, two copies of the audit must be *received* by the Department of Education at the following address:

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

The term of the engagement contract will be of sufficient duration to accommodate the tentative (and negotiated) engagement schedule. **Should the firm selected fail to meet the contracted Final Audit Report date, SELACO WDB will impose a penalty of \$1,000.00 per day for each day late pass the contracted due date until the report is duly received. As such, the total penalty amount due SELACO WDB for late receipt of the Final Audit Report will be deducted from the total negotiated award.**

VI. Tentative Solicitation and Engagement Schedule

Release of Solicitation	September 22, 2023
Bidder's Conference	October 16, 2023, at 10:00AM
Last Day to submit Questions & Clarifications	November 27, 2023, by 3:00PM
Response Due Date	January 2, 2024, by 3:00PM
Proposal Review	January 12, 2024 - January 24, 2024
Selection Recommendation to WDB for Approval	January 25, 2024
Notice of Selection	January 26, 2024
Contract Negotiation	February 5, 2024-February 23, 2024
Contract Full Execution	March 4, 2024
Entrance Conference	May 20 - May 24, 2024
Field Work	To Be Negotiated
Draft Audit Report	To Be Negotiated
Exit Conference	To Be Negotiated
Final Audit Report	October 31, 2024 - November 14, 2024

Exhibit A

Proposals will be evaluated on the following criteria:

Evaluation Factors	Point Range
<p>1. <u>Organization, size, and structure type of firm.</u></p> <p style="padding-left: 40px;">Adequate size of the firm (considering size in relation to audits to be performed) 0-3</p> <p style="padding-left: 40px;">Small, Minority and/or Women-owned business utilization 0-2</p>	0-5
<p>2. <u>Qualifications of staff</u></p> <p style="padding-left: 40px;">Audit team makeup, education, position in firm, years and types of experience, continuing professional education, and Governmental audit qualifications will be considered.</p> <p style="padding-left: 40px;">Quality control procedure, results of peer review and overall supervision to be exercise.</p> <p style="padding-left: 40px;">Prior experience of the individual audit team members, their experience in auditing non-profit and governmental agencies, auditing in general and any specialized expertise they may have.</p>	0-25
<p>3. <u>Recent Audit Experience</u></p> <p style="padding-left: 40px;">Recent experience auditing Work Force Development programs operated by Employment & Training and/or Workforce Development agencies.</p> <p style="padding-left: 40px;">Prior experience auditing programs financed by the Federal Government.</p> <p style="padding-left: 40px;">Prior experience auditing non-profit organizations</p> <p style="padding-left: 40px;">(Providing references of other similar completed audits including contact name, title, and telephone number and email address for the references listed.</p>	0-25
<p>4. <u>Understanding of work to be performed.</u></p> <p style="padding-left: 40px;">Adequate audit coverage, projected milestone or benchmarks for completing the audit within the total time allowed.</p> <p style="padding-left: 40px;">Realistic time estimates of each audit phase and task.</p>	0-10
<p>5. <u>Cost</u></p> <p>Total Maximum Points 100</p>	0-35