



August 9, 2019

Dear Proposer:

The San Luis Obispo Council of Governments (SLOCOG), an association of local governments in San Luis Obispo County, invites qualified public accounting firms to submit a proposal to provide fiscal/compliance audits for the four fiscal years ending June 30, 2020 – June 30, 2023. An option to extend for an additional two years may be available. SLOCOG is the Regional Transportation Planning Agency (RTPA) for San Luis Obispo County. As such, we are statutorily required to ensure all Transportation Development Act (TDA) recipients submit an annual certified fiscal audit conducted by an outside entity.

Following is a request for proposal that outlines the scope of the audits. We would appreciate your consideration. Interested firms should respond to the RFP as outlined in the proposal.

The deadline for responses is Friday, September 13, 2019. If you have any questions, please contact Lori Kramer, at lkramer@slocog.org or 805-781-4392.

Thank you.

Lori Kramer
Administrative Services Manager
SLOCOG
1114 Marsh Street
San Luis Obispo, CA 93401

**REQUEST FOR PROPOSALS
To Conduct Fiscal and Compliance Audits
Project Summary Sheet**

CONTRACTING AGENCY: San Luis Obispo Council of Governments (SLOCOG)

PURPOSE: To request proposals from qualified Certified Public Accounting firms to prepare the audits below, in compliance with accounting, federal, and state standards and requirements:

- Fiscal/compliance audits for Transportation Development Act (TDA) fund recipients SLOCOG, San Luis Obispo Regional Transit Authority (RTA), South County Transit (SoCo Transit), Ride-On Transportation (*programs under contract*), and of TDA trust funds in the San Luis Obispo region
- Single Audits of SLOCOG, RTA, and SoCo Transit (if required)
- Fiscal audit of SLOCOG’s Service Authority for Freeways and Expressways (SAFE)
- Fiscal/compliance audit of SLOCOG’s State Highway Account (SHA) trust fund

SOLICITATION ISSUANCE DATE: Friday, August 9, 2019

CLARIFICATION & CHANGE REQUEST DEADLINE: Friday, August 23, 2019, 9:00 a.m.

ADDENDUM OR Q&A POSTED: Monday, August 26, 2019 (if needed)

PROPOSAL DEADLINE: Friday, September 13, 2019, 5:00 p.m.

BOARD AWARD CONSIDERATION DATE: Wednesday, October 2, 2019

CONTRACT TERM: Four Fiscal Years 2019/20 through 2022/23
Plus option for two additional years

PROJECT LOCATIONS (3):

- (1) San Luis Obispo Council of Governments
1114 Marsh Street
San Luis Obispo, CA 93401
- (2) San Luis Obispo Regional Transit Authority
179 Cross Street, Suite A
San Luis Obispo, CA 93401
- (3) Ride-On Transportation
3620 Sacramento Drive, Suite 201
San Luis Obispo, CA 93401

PROJECT CONTACT: Lori Kramer
Administrative Services Manager
(805) 781-4392; Email: lkramer@slocog.org

Table of Contents

- 1. INTRODUCTION AND BACKGROUND..... 4
- 2. SCOPE OF WORK SUMMARY 4
- 3. AUDITING STANDARDS TO BE FOLLOWED 5
- 4. ELECTRONIC PROPOSAL SUBMITTAL 6
- 5. PROPOSAL EVALUATION CRITERIA 6
- 6. EVALUATION PROCEDURE 7
- 7. CONTRACTS, BILLINGS, AND PAYMENTS 8
- 8. FURTHER INFORMATION 8

- Attachment A: Detailed Scope of Work..... 9
- Attachment B: Cost Summary By Agency and Trust Fund..... 12
- Attachment C: Insurance 13

1. INTRODUCTION AND BACKGROUND

SLOCOG is the designated Metropolitan Planning Organization (MPO), the Regional Transportation Planning Agency (RTPA), the Service Authority for Freeways and Expressways (SAFE), and the Census Data Affiliate for the San Luis Obispo region. In the RTPA capacity, SLOCOG is responsible for allocating monies from the Local Transportation Fund and State Transit Assistance Fund made available under the TDA to eligible claimants. The San Luis Obispo area receives approximately \$16 million per year in TDA funds for allocation among eligible claimants. The TDA requires a fiscal audit of the TDA trust funds and fiscal/compliance audits of all TDA recipients¹. SLOCOG, operating as a SAFE, also receives approximately \$280,000 per year to operate a County-wide Call Box Program and associated activities.

Approximately every four years SLOCOG prepares and distributes a Request For Proposals (RFP) to fiscal auditing firms on behalf of TDA recipient agencies within San Luis Obispo County to prepare the TDA-mandated audits under multi-year contracts with SLOCOG and other audited agencies. SLOCOG requests bids for all the recipient agencies described in Attachment B.

2. SCOPE OF WORK

The RFP covers four consecutive fiscal years, with optional two year extension. Selected audit firm will be responsible for: 1) preparing fiscal/compliance audits of agency transportation funds, including UCP/Ride-On; 2) SAFE funds; and 3) single audits for SLOCOG, RTA, and SoCo Transit.

To meet the requirements of this request for proposals the audits must be conducted to satisfy the requirements of the Secretary of the State of Business, Transportation and Housing Agency as set forth in the Transportation Development Act published by the California State Department of Transportation (Caltrans) [PUC Section 99245; CCR 6662 and 6664]. The fiscal/compliance audits shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (December 2011). Single audits 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 audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (December 2011), the provisions of the Single Audit Act of 1984 (as amended in 1996), and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

The selected firm(s) will be required to submit draft fiscal/compliance audits to the audited agency(s) in conformance with the specifications set forth in Attachment A no later than December 1 of each audit year, with final reports due no later than December 31 of each audit year unless a time extension is requested in writing and granted by the SLOCOG Executive Director. Acceptance of the auditor's report by the audited agency(s) is an essential obligation of the firm conducting the audit.

¹ California Public Utilities Code Section 99245, et.seq., CCR Article 5 Section 6661, et. Sq., Article 5.5, Section 6664 and other applicable state and federal laws and regulations.

Audits are to be comprised of the following:

1. The fiscal and compliance audits of the San Luis Obispo Council of Governments (SLOCOG).
2. The fiscal and compliance audits of the San Luis Obispo Regional Transit Authority (RTA), including footnotes associated with Paso Robles and San Luis Obispo County transit programs, integrated within the RTA, but using separate modes and funding structures.
3. The fiscal and compliance audits of the South County Transit (SoCo Transit).
4. SLOCOG as specified in the Single Audit Act².
5. RTA as specified in the Single Audit Act.
6. SoCo Transit as specified in the Single Audit Act (if required).
7. Two TDA trust funds - the Local Transportation Fund (LTF) and the State Transit Assistance (STA).
8. State of Good Repair (SGR) trust fund.
9. State Highway Account (SHA) trust fund.
10. United Cerebral Palsy's (UCP) transportation programs – Ride-On Transportation (*contracted programs*).
11. The Service Authority for Freeways and Expressways (SAFE) fund.

The audits of these funds will require reviewing not only SLOCOG's financial records but the records of RTA, SoCo Transit and Ride-On Transportation. These audit will require an onsite audit at those office locations.

Each audit should include a supplemental schedule (as appropriate) of all transportation funds received or disbursed during the audit period including but not limited to:

- Local Transportation Funds (LTF)
- State Transit Assistance (STA)
- State of Good Repair (SGR)
- Federal Transit Administration (FTA) funds³
- Surface Transportation Program (STP) funds
- State Highway Account (SHA) funds
- Service Authority for Freeways and Expressways (SAFE) funds

3. AUDITING STANDARDS TO BE FOLLOWED

It is not the purpose of this RFP to provide a complete description of the requirement of the audits. It is fully the responsibility of the Auditor to be aware of, comply with, and carry out applicable financial auditing requirements for the named TDA recipients and associated trust funds including the audit requirements of state and federal agencies, programs and grants that provide funding. If anything in this RFP appears to differ from the requirements of the Audit, the Auditor shall bring such discrepancies to the attention of SLOCOG for clarification or correction.

The audits shall be performed in accordance with the current applicable versions of:

- Generally Accepted Auditing Standards as set forth by the AICPA
- Government Auditing Standards as set forth by the GAO issued by the Comptroller General of the United States.
- The provisions of OMB Circular A-133, Audits of State and Local Governments.

² OMB Circular 1-128 CFR 12, and 49 CFR 90

³ FTA Sections 5303, 5307, 5309, 5310, and 5311

- Applicable issuances of the Governmental Accounting Standards Board
- CCRs pertaining to TDA audits.

4. ELECTRONIC PROPOSAL SUBMITTAL

One electronic proposal in PDF format shall be emailed to Lori Kramer at lkramer@slocog.org.

Proposals will be accepted until 5:00 p.m., September 13, 2019. Proposals received via fax, drop off, or by mail will not be considered.

Questions regarding this RFP are to be directed by email Lori Kramer, Administrative Services Manager, at lkramer@slocog.org. Such contact shall be for clarification purposes only. SLOCOG must receive all questions no later than August 23, 2019 (9 a.m.). Material changes, if any, to the scope of service or proposal procedure shall only be transmitted by written addendum and posted to SLOCOG’s website (<https://www.slocog.org/>). Addendums and answers to submitted question will also be available via SLOCOG’s website.

Submission of a proposal shall constitute a firm offer to SLOCOG for ninety (90) days from the date of this RFP closing. Once submitted, proposals become the property of SLOCOG. This RFP does not commit SLOCOG to award a contract, to pay any cost incurred in preparation of a proposal, or to procure or contract for services.

No person or entity submitting a proposal, nor any officer, employee, agent, representative, relative, or consultant representing such a person (or entity) may contact through any means, or engage in any discussion concerning the award of this contract with any member of the SLOCOG Board or any employee of SLOCOG during the period beginning on the date of proposal issue and ending on the date of selection of the Contractor. Any such contact would be grounds for disqualification of the proposer. Contact with SLOCOG staff during such time period must be limited to technical questions and discussions leading to best and final offers.

5. PROPOSAL EVALUATION CRITERIA

SLOCOG will examine all proposals for completeness and responsiveness to the provision of this RFP. SLOCOG may request additional or clarifying information from a proposer. Proposals that do not contain all required materials, information or forms or if they substantially incomplete may be considered non-responsive and rejected by SLOCOG. All proposals must include each of the following components:

CRITERIA		Maximum Points
Qualifications:	Description of Firm & References	20
	Staff	10
	DBE Status	5
	Insurance Acknowledgment	required
Technical Approach:	Performance Specifications	15
	Audit Procedures	15
	Schedule	10
Budget:	Cost Schedule	20
	Hourly Rates	5
TOTAL VALUE		100

A. Qualifications (35 points possible)

1. A description of your firm and relevant prior experience, particularly government fund audits. Please include three professional references from work of a similar nature, and include name of COG or Transit agency, client contact information, title of assignment and start/end dates. (20 pts.)
2. A description of the partner(s), manager(s), and staff to be assigned to the project. (10 pts.)
3. DBE status (if applicable). (5 pts.)
4. Acknowledgment that your firm shall comply with the insurance as set forth in Attachment C, which will be incorporated as an integral part of the contract (**proposal will not be considered without acknowledgment**).

B. Technical Approach (40 points possible)

1. A description of your firm's ability to meet or exceed performance specifications stated in CCR 6662, 6663, 6664, 6664.1, 6666, and 6667, and your firm's ability to evaluate and communicate on local government financial issues. (15 pts.)
2. A description of the audit procedures to be followed, including any conditions that must be met for schedule to be maintained. A description of requirements (documentation) needed from agencies prior to field visits. (15 pts.)
3. A tentative schedule for performing key phases of the audits. (10 pts.)

C. Budget (25 points possible)

1. A schedule of costs (by agency) for each fiscal/compliance audit and/or fund by agency as described in Attachment B (20 pts.)
2. Describe hourly rates for each level of staff. (5 pts.)

6. EVALUATION PROCEDURE

Your proposal will be evaluated by an evaluation committee, composed of SLOCOG and a member representing each audited agency. The purpose of the evaluation is to establish the firm that the committee believes will provide SLOCOG with the best "value". Cost alone will not be the determinative factor.

A recommendation will be made to the SLOCOG Board at their October 2, 2019 meeting, with a contract for all SLOCOG-funded audits to be awarded as soon as possible following Board approval.

7. CONTRACTS, BILLINGS, AND PAYMENTS

For the 4-year professional services contract, the successful proposer will enter into a contract with SLOCOG and an anticipated separate contract with SoCo Transit. SLOCOG expects to sign a contract with the selected firm within 10 days after the contract is awarded by the Board. The contract will provide for progress payments to be paid no more than once per month for services rendered the prior month. Ten percent of the total project cost (per year) will be retained and paid upon receipt and acceptance of the final reports and invoices. At the end of each fiscal year, the withheld portion of that fiscal year's invoices will be released upon satisfactory completion of all audits assigned that year. All billing and payments are expected to be processed no later than June 30 of each fiscal year.

While the proposals should be prepared on the basis of separate audits, SLOCOG reserves the right to negotiate with the selected auditor the cost of streamlined audits based upon hourly rates in the proposal.

8. FURTHER INFORMATION

General inquiries about Transportation Development Act (TDA) requirements or this RFP should be directed to Lori Kramer, Administrative Services Manager, at 805.781.4392.

SLOCOG pursues an active Disadvantaged Business Enterprise (DBE) program designed to boost opportunities for Women Business Enterprises, Minority Business Enterprises, and Disabled Veterans Business Enterprises. All proposals from DBE firms should note Caltrans certification of their status.

Specific questions about the individual agencies and funds should be directed to the following:

- LTF, STA, SGR, SAFE and SHA Trust Funds: **Lori Kramer, 805.781.4392**
- SLOCOG GPFS and Single Audit: **Lori Kramer, 805.781.4392**
- RTA GPFS and Single Audit: **Tania Arnold, 805.781.4397**
- SoCo Transit GPFS and Single Audit: **Tania Arnold, 805.781.4397**
- UCP/Ride-On's contracted transportation programs: **Mark Shaffer, 805.541.8751**

ATTACHMENT A
DETAILED SCOPE OF WORK

By December 31 following the end of each audit year, the selected audit firm will prepare and submit fiscal and compliance audits as described below⁴.

1. TDA Audits

All of the audits must be conducted in accordance with generally accepted auditing standards and shall include a determination of compliance with the TDA and other administrative rules and regulations and generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (December 2011)⁵. The audit reports shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the recipient agency's audited financial statements for the fiscal year prior to the year that is subject of the audit. The reports will include, but not be limited to:

SLOCOG, RTA, and SoCo Transit (separate audit reports)

- Independent auditor's report
- General purpose financial statements
- A determination of compliance with the TDA
- A management letter
- Supplementary schedules as necessary to list or identify the transportation funding allocated, disbursed, and reserved as follows:
 - Federal Planning Fund (PL) Budget and Expenditures by Work Element (SLOCOG)
 - Schedule of Direct, Pass-through, and Indirect Costs (SLOCOG)
 - Schedule of Budget to Actual Expenses - Budgetary Basis (RTA & SoCo Transit)
 - Independent Auditor Statement attesting to the reliability and accuracy of data reported to National Transit Database (RTA)
 - Local Transportation Funds (LTF), State Transit Assistance (STA) and State of Good Repair (SGR)
 - Surface Transportation Program (STP) funds
 - State Highway Account (SHA) funds
 - Service Authority for Freeways and Expressways (SAFE) funds
 - Other supplementary schedules if needed

TDA RECIPIENTS UNDER CONTRACT (Ride-On Transportation)

- Independent auditor's report
- Financial statements of the transit and street construction funds as applicable
- A determination of compliance with the TDA
- A management letter
- A supplementary schedule of all transportation funds received during the audit period including but not limited to:

⁴ Thirty days before the final audits are due, drafts will be submitted to the agency for administrative review.

⁵ In conformance with CCR Sections 6664, 6666, and 6667, audits will include a certification of compliance with the TDA in the form of a statement that the funds allocated to and received by the claimant pursuant to the TDA were, with any exceptions specifically noted, expended in conformance with the applicable instructions and resolutions of SLOCOG. Any exceptions or negative statements shall be accompanied by recommended steps/actions to rectify the exception or eliminate such weakness as well as the response to these statements by the affected jurisdictions.

- Local Transportation Funds (LTF), State Transit Assistance (STA) and State of Good Repair (SGR)
- Federal Transit Administration (FTA) funds⁶

TDA TRUST FUNDS⁷

- Independent auditor’s report
- Balance sheets
- Statements of revenues, expenditures, and changes in fund balance
- Schedule of allocations, disbursements, and payables by purpose for audit year
- Schedule of allocations, disbursements, and payables by purpose for prior audit year

Audits of all TDA recipients may be expanded to meet the audit requirements of other funding sources providing the requirements of PUC Section 99245 are met, including a certification of compliance with the TDA.

2. Single Audits

Federal financial assistance audits of SLOCOG, RTA, and SoCo Transit (if required) shall be prepared as specified in the Single Audit Act, using generally accepted government auditing standards as prescribed by the Controller General of the United States in Government Auditing Standards. Single audits 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 audits set forth in the U. S. General Accounting Office’s *Government Auditing Standards* (December 2011), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

3. SLOCOG’s State Highway Account (SHA) Trust Fund

An audit of SHA funds received and disbursed by SLOCOG shall be conducted annually and shall be conducted in accordance with generally accepted auditing standards. The audit report shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the audited financial statements for the fiscal year prior to the year that is subject of the audit (except for the first audit year). The financial statements shall be prepared in accordance with generally accepted accounting principles and in accordance with adopted SLOCOG policies. The report shall include:

- Independent auditor’s report
- General purpose financial statements
- A management letter
- Supplementary schedules to list or identify the SHA trust fund activity including⁸:
 - Schedule of allocations by agency during the fiscal year
 - Schedule of allocations by project during the fiscal year
 - Schedule of total expenditures by project

⁶ FTA Sections 5303, 5304, 5307, 5309, 5310, 5311, 5316, 5317, and 5339.

⁷ Audits of the LTF and STA trust funds shall be conducted in accordance with CCR 6661 and 6751

⁸ Schedules subject to modification based on recommendations by selected audit firm. SLOCOG staff will assist in preparing schedules.

4. STA Eligibility Criteria

Separate from other parts of the scope, prospective auditor should be knowledgeable of STA compliance test among transit recipients. Specifically, auditor should track and be aware of operating cost exemptions included in SB 508 Senate Bill (Beall) titled "Transportation funds: transit operators: pedestrian safety". The bill specifies changes to the prior STA Eligibility Criteria and farebox recovery ratio compliance.

Selected auditor will be required to validate eligibility calculations. Specifically, auditor would review annual costs, inflation factors and revenue operating hours and perform a reasonableness check of the assumptions and formulas used. The determination of "compliance versus non-compliance" would remain the sole responsibility of SLOCOG and would not be an intrinsic part of the fiscal audit reports. The auditor should explain relevant experience in performing such support functions provided in an advisory role. The auditor will also perform calculations tied to the audit year for farebox recovery ratio compliance methodology, as applicable to transit operators.

ATTACHMENT B
COST PROPOSAL BY AGENCY AND TRUST FUND

Agency/Fund	Agency with whom Audit Contract will be signed	Fiscal Audit # hard copies	Proposed Cost for each Fiscal Audit 2019/20	Proposed Cost for each Fiscal Audit 2020/21	Proposed Cost for each Fiscal Audit 2021/2022	Proposed Cost for each Fiscal Audit 2022/2023
SLOCOG GPFS	SLOCOG	1	\$	\$	\$	\$
RTA GPFS	SLOCOG	2	\$	\$	\$	\$
SoCo Transit GPFS	SoCo Transit	2	\$	\$	\$	\$
UCP/Ride-on Transportation	SLOCOG	2	\$	\$	\$	\$
SLOCOG Single Audit	SLOCOG	1	\$	\$	\$	\$
RTA Single Audit	SLOCOG	2	\$	\$	\$	\$
SoCo Transit Single Audit (if req.)	SoCo Transit	2	\$	\$	\$	\$
LTF Trust Fund	SLOCOG	1	\$	\$	\$	\$
STA Trust Fund	SLOCOG	1	\$	\$	\$	\$
SGR Trust Fund	SLOCOG	1	\$	\$	\$	\$
SHA Trust Fund	SLOCOG	1	\$	\$	\$	\$
SAFE Trust Fund	SLOCOG	1	\$	\$	\$	\$
	TOTALS		\$	\$	\$	\$

If an auditing firm has an existing contract with one of the listed agencies for other auditing services, please note this in the proposal if this would affect the cost of preparing the TDA audit.

ATTACHMENT C
INSURANCE

Your firm must comply with the following insurance requirements pursuant to legal counsel directive. These provisions will be an integral part of the Contract.

A. Prior to commencement of the work described herein, CONSULTANT shall furnish SLOCOG a Certificate of Insurance stating that there is general comprehensive liability and professional liability insurance presently in effect for CONSULTANT with a combined single limit (CSL) of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

i. Commercial General Liability Insurance: Contractor shall maintain in full force and effect, for the period covered by this Contract, liability insurance including, but not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property, resulting from any act or occurrence arising out of Contractor's operations in the performance of this Contract, including, without limitation, acts involving vehicles. The amounts of insurance shall be not less than the following: \$1,000,000 per claim and \$2,000,000 aggregate. The following endorsements must be attached to the policy:

1. If the insurance policy covers on an "accident" basis, it must be changed to "occurrence";
2. The policy must cover personal injury as well as bodily injury;
3. Broad form property damage liability must be afforded; and
4. SLOCOG, and their officers and employees shall be named insured under the policy.

ii. Professional Liability/Errors and Omissions Insurance: Contractor shall maintain in full force and effect, for the period covered by this Contract and maintained for a period of not less than three years following the contract's expiration, termination or cancellation. The amounts of insurance shall be not less than the following: \$1,000,000 per claim and \$2,000,000 aggregate.

B. Workers' Compensation Insurance: In accordance with the provisions of Section 3700 of the Labor Code, Contractor is required to be insured against liability for workers' compensation or to undertake self-insurance. Contractor agrees to comply with such provisions before commencing the work of this Contract.

C. The following requirements apply to all insurance to be provided by Contractor:

- i. A certified copy of each insurance policy and a certificate of insurance shall be furnished to SLOCOG within thirty (30) days after execution of this Contract. A certificate alone is not acceptable;
- ii. Certificates and policies shall state the policies shall not be canceled without a thirty (30) days prior written notice to SLOCOG. A ten (10) day written notice to SLOCOG shall apply to non-payment of premium. CONSULTANT shall provide thirty (30) days written notice to SLOCOG prior to implementation of a reduction of limits or material change of coverage as specified herein;
- iii. Approval of the insurance by SLOCOG shall not relieve or decrease the extent to which the Contractor may be held responsible for payment of damages resulting from Contractor's services pursuant to this Contract.

D. If Contractor fails or refuses to procure or maintain the insurance required by this paragraph, SLOCOG shall have the right, to forthwith terminate this Contract.