



May 3, 2021

**TO:** Finance Advisory Committee (FAC)

**FROM:** Ron Munds, General Manager

**SUBJECT:** Agenda Item 6 – 05/03/2021 FAC Meeting  
Selection of Firm for a Three-Year Contract for Auditing Services

**DESCRIPTION**

**President**

Christine M. Womack

**Vice President**

Matthew D. Fourcroy

**Directors**

Charles L. Cesena  
Troy C. Gatchell  
Marshall E. Ochylski

**General Manager**

Ron Munds

**District Accountant**

Robert Stilts, CPA

**Unit Chief**

Eddy Moore

**Battalion Chief**

Paul Provence

At the February 1, 2021 Finance Advisory Committee (FAC) meeting, the committee approved the release of an Request for Proposal (RFP) for auditing services for the next three years beginning with Fiscal Year 2021-22. A working group to review the submitted proposals was formed which was comprised of four members: The General Manager, District Accountant and two members from the FAC (Lisa Gonzalez and Sandra Cirilo). This report summarizes the results of the working group's review of the proposals the FAC's recommendation to the Board.

**STAFF RECOMMENDATION:**

Staff recommends that the Board adopt the following motion:

***Motion: I move to recommend to the Board of Directors that the Board approve a contract with (firm's name) for a three-year contract for annual auditing services.***

**DISCUSSION**

At the February 1, 2021 Finance Advisory Committee (FAC) meeting, the committee approved the release of a Request for Proposal (RFP) for auditing services for the next three years beginning with Fiscal Year 2021-22. A working group to review the submitted proposals was formed which comprised of four members: The General Manager, District Accountant and two members from the FAC (Lisa Gonzalez and Sandra Cirilo).

Staff directly contacted 7 firms and posted the RFP on the District's website. The District received three proposals in response to the bid solicitation for Audit Services. The following are responding firms and proposed costs:

- Fechter & Company based in Sacramento, CA.
- Rogers, Anderson, Malody & Scott based in San Bernardino, CA.
- Moss, Levy & Hartzheim based in Santa Maria, CA.

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Firm	Cost
<b>Fechter &amp; Company</b>	\$22,000 (+2.5%/yr.)*
<b>Rogers, Anderson, Malody &amp; Scott</b>	\$20,330 (+2.0%/yr.)*
<b>Moss, Levy &amp; Hartzheim</b>	\$19,200 (+2.5%/yr.)*

\*Each firm included a cost escalator for subsequent years.

## **Working Group Evaluation**

The working group met on April 20<sup>th</sup> to discuss the three proposals. The group acknowledge that all three firms were about equal in qualifications and had the required special district auditing experience. Based on each firms approach to the audit including schedule, understanding of the scope of work and dedicated resources, the group ranked Fechter & Company and Moss, Levy & Hartzheim equally. The following is a brief summary of the top two proposals.

### ***Fechter & Company (F&C)***

F&C is a relatively small firm (9 employees) based out of the Sacramento area. The firm provided a clear, detailed proposal which outlined their approach to completing the audit in the timeline provided in the RFP. The hours dedicated in their schedule were reasonable, especially given that they are unfamiliar with the District's operations and financial reporting procedures. Consequently, F&C's proposal was the highest priced of the three proposals received. Additionally, they proposed a 2.5% increase in their fee for each subsequent year of the contract. The additional cost could be justified as an "opportunity cost" since the District would be moving to a new auditing firm which would allow for an alternative of "fresh" look at the District's financial statements and internal controls. That said, the additional increase in subsequent years will result in added cost over the term of the contract above that of the other proposals.

### ***Moss, Levy & Hartzheim (ML&H)***

ML&H has been the District's auditing firm since Fiscal Year 2012-2013 and maintains a local office in Santa Maria. The firm has rotated the lead managing auditor in accordance with state law to ensure objective and impartial audits. They have proven to be a valuable resource to District staff over the years and have helped guide the staff's financial reporting and controls to a point of having viable (clean) audits for the past six years. This experience and continuity in service has enabled the District to remain confident in its financial position during their tenure. Additionally, ML&H's cost proposal was the least expensive of the proposals received. Their proposed cost in year three of the contract would be below the first year costs of the other two proposals.

As stated, each firm has the experience to provide the District with sound auditing services.

### **Attachments:**

Fechter & Company Proposal  
Rogers, Anderson, Malody & Scott Proposal  
Moss, Levy & Hartzheim Proposal