



**Agenda Item No. 4
April 4, 2012 Meeting**

DATE: March 22, 2012

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: New Agreement for Annual Financial Audit Services

SUMMARY:

The Request for Proposal (RFP) process to select a qualified financial audit firm to perform annual audits of the Commission for up to five years has been completed. Two qualified and similar ranked firms are recommended and are subject to an interview by a panel prior to selection. This report includes a summary of the process and a recommendation to enter a new multi-year agreement with the selected firm.

Request for Proposal Process

The five-year agreement with Vavrinek, Trine, Day & Co., LLP (VTD) for annual financial audit services ended this year. An RFP was released in February inviting submissions from accounting/auditing firms to perform annual audits of the Commission's basic financial statements. Twenty qualified firms were invited to submit proposals to perform an annual financial audit, an annual single audit, and the expanded audit requirements established for county commissions by AB 109 and SB 35.

Three accounting firms responded with proposals by the due date of March 2, 2012. The proposals were reviewed and evaluated by a rating panel based on the criteria established within the RFP. The proposals of two firms, Vavrinek, Trine, Day & Co., LLP and Christy White Accountancy Corp., were ranked one and two, respectively. Since the panel's rankings of the two firms were relatively close, both firms are being submitted for consideration. The third firm's proposal did not meet the technical qualifications outlined in the RFP. A comparison of the top two proposals is included as Attachment 1.

A panel comprised of Commission representatives will interview representatives from the two qualified firms and provide a recommendation. Based upon the panel recommendations, the Commission is requested to authorize the Executive Director to negotiate and execute a contract with the selected firm to perform the Commission's annual financial audits for the next five fiscal years, FY 2011-12 through 2015-16 with an amount not to exceed \$60,000 per year. The terms of the agreement cover the audit for the fiscal year ending June 30, 2012 with an option to extend the contract in one year periods, not to exceed a total of four additional fiscal years.

STRATEGIC PLAN & FISCAL SUMMARY:

The proposed action has been reviewed in relation to the Strategic Plan and is consistent with the all goal areas. The audit engagement fee for the FY 2011-12 audit, not to exceed \$60,000 per year, is included in the FY 2011-12 budget in the Administrative budget category. Funding for subsequent audits (FY 2012-13 through 2015-16) is consistent with the Long-Term Financial Plan and will be included in the annual operating budgets for those periods.

PRIOR COMMISSION ACTIONS:

- March 2012 – Received update on Professional Advisory Services Agreements for audit, website, and strategic communication services.
- February 2011 – Approved renewal of existing agreement with financial auditor, Vavrinek, Trine Day & Co. (VTD), through completion of the audit for fiscal year ending June 30, 2011.

RECOMMENDATION:

Adopt resolution (Attachment 2) authorizing the Executive Director to prepare and negotiate an agreement with the selected firm to perform an organization-wide financial audit of the Commission's financial statement for FY 2011-12, in an amount not to exceed \$60,000, with an option to renew the agreement for four additional one year terms through FY 2015-16, in an amount not to exceed \$60,000 per year.

ATTACHMENTS:

1. Comparison of audit services proposals for top two audit firms.
2. Resolution authorizing Executive Director to prepare and negotiate an agreement for annual financial audits.

Contact: Brenda Manriquez

Summary of Financial Audit Services Proposals
Children & Families Commission of Orange County
For Fiscal Years 2011-12 through 2015-16

Proposer:	Vavrinek, Trine, Day & Co.	Christy White Accountancy Corp.
Audit Team: Engagement Partner Technical Review Partner Manager/Supervisor Senior	Roger Alfaro Kevin Pulliam Kinnaly Soukhaseum TBD	Christy White Rob Dennis Michael Ash/John Dominguez Michelle Zabala
Proposal Highlights:	<ul style="list-style-type: none"> - Current auditor of First 5 LA, First 5 Riverside, First 5 San Bernardino, County of Orange - Very experienced staff (governmental and First 5) - Awarded contract for Orange County Commission audits for FY 06-07 through FY 10-11 in July 2006 - Audit approach is consistent with current audit practices - Staffing plan and timeline are consistent with prior year's audit - Staff from Rancho Cucamonga office 	<ul style="list-style-type: none"> - Primarily conducts audits of Local Agency Education clients, including several OC school districts - Very experienced staff (governmental and school district) - Positive references regarding quality and timeliness of work - Audit approach is consistent with current audit practices - Staffing plan seems reasonable for first year, but possibly high for subsequent years - Staff from San Diego office
Hours Budgeted: Partners Managers Supervisory Staff Staff Admin/Clerical Total Hours Budgeted	18 40 104 120 8 290	40 85 115 120 25 385
Cost Components: Audit Expanded Audit (AB109/SB35) Single Audit Meals/Lodging Transportation Total Costs	\$33,660 TBD \$8,530 none none \$42,190	\$44,475 TBD \$2,500 - \$5,000 * none \$3,000 \$49,975 - \$52,475
Annual Percentage Cost Increase:	0% for FY 12-13 and FY 13-14 2% for FY 14-15 and FY 15-16	2%

* Single audit is \$2,500 per program audited. Historically, CFCOC has had 1-2 programs audited each year.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-12-C&FC

April 4, 2012

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR OR DESIGNEE TO PREPARE AND NEGOTIATE AN AGREEMENT WITH THE SELECTED FIRM TO CONDUCT ORGANIZATION-WIDE AUDITS OF THE COMMISSION, AS REQUIRED BY STATE LAW, FOR FISCAL YEAR 2011-12, WITH AN OPTION TO RENEW FOR FOUR ADDITIONAL ONE YEAR PERIODS THROUGH FISCAL YEAR 2015-16; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

WHEREAS, in furtherance of its Strategic Plan and statutory mandate, Commission procures the services of an accounting firm to conduct an annual organization-wide audit of Commission’s financial statements; and

WHEREAS, Commission staff completed a competitive procurement process and ranked two firms as top candidates to conduct an organization-wide audit of Commission’s financial statements for fiscal years 2011-12 through 2015-16; with final selection to be made after interviews conducted by an interview panel; and

WHEREAS, Commission staff recommends that Commission enter into an agreement with the selected firm, after interviews conducted by an interview panel; and

WHEREAS, the Commission desires to authorize the Executive Director or designee to enter into an agreement with the selected firm to perform an organization-wide audit of Commission’s financial statements for the fiscal year 2011-12, with an option to renew for four additional one year terms through fiscal year 2015-16, contingent upon successful conclusion of contract negotiations; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Master Agreement for Services (“Master Agreement”), which was approved by the Commission; and

WHEREAS, Commission has reviewed the staff report relating to the Scope of Services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement for the terms and in the amounts and on the conditions as specified in the April 4, 2012 staff report for this Agenda Item; and

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the Executive Director, or designee, to prepare and negotiate the terms, conditions and final form of Agreement with the selected firm to perform an organization-wide audit of Commission's financial statements for the fiscal year 2011-12, in an annual amount not to exceed \$60,000, with an option to renew for four additional one year terms through fiscal year 2015-16, in an amount not to exceed \$60,000 per year, contingent upon successful conclusion of contract negotiations, for the terms and on the conditions as specified in the April 4, 2012 staff report and scope of services referenced therein; and

Section 3 The form of the Agreement shall be substantially similar to the form of the standard Master Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee and Commission Counsel. The approval by the Executive Director or designee of the Agreement shall be conclusively evidenced by the execution of such Agreement by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreement with the selected firm as described in the April 4, 2012 staff report to perform an organization-wide audit of Commission's financial statements for the fiscal year 2011-12, with an option to renew for four additional one year terms through fiscal year 2015-16, for the terms and in the amounts and on the conditions as specified in the April 4, 2012 staff report.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreement on behalf of the Commission.

Section 6 A copy of the final Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Amendment(s) to Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on April 4, 2012 to wit:

AYES: Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, SUSAN NOVAK, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

Susan Novak
Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-12-C&FC

Agenda Date: April 4, 2012

Item No. ____



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

Susan Novak, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Agreement)