


LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JULY 11, 2016 
FROM: SAMUEL MARTINEZ, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #7: Review and Approval of Contract with Davis Farr, LLP for Financial Audit Services for the Period of Fiscal Year 2015-16 through Fiscal Year 2018-19

RECOMMENDATION:

Staff is recommending that the Commission:

- A. Approve the Contract for Financial Audit Services with Davis Farr, LLP, in the amount not-to-exceed \$31,600 for the four (4) year term, with a one (1) year option at the discretion of the Commission; and,
- B. Authorize the Executive Officer to sign and execute the appropriate documents.

BACKGROUND:

The current auditor for Imperial, Los Angeles, Orange, Riverside, and San Bernardino LAFCOs, White Nelson Diehl Evans LLP, has completed its final audit for the fiscal year ending June 30, 2015. This firm has been the auditor for the past four years and all five LAFCOs have agreed not to exercise the one (1) year renewal option. Therefore, early this year, the five LAFCOs issued a joint Request for Proposal (RFP) to prepare the audit and financial statements for each Commission for the next four fiscal years.

The RFP for audit services was issued and mailed to 59 accounting firms on March 21, 2016. 13 firms responded to the RFP during the filing period, which ended on May 2, 2016. Those firms who responded to the RFP are as follows:

- Brown Armstrong Accountancy Corporation
- Chavan & Associates, LLP
- Davis Farr, LLP
- Eadie + Payne, LLP

- Fedak & Brown, LLP
- James Marta & Company, LLP
- Nigro & Nigro PC
- Patel & Associates, LLP
- Rogers, Anderson, Malody & Scott, LLP
- RT Dennis Accountancy
- R. J. Ricciardi, Inc.
- Vasquez & Company, LLP
- Vavrinek, Trine, Day & Company, LLP

All the proposals received were provided to the staff of each of the five LAFCOs for review. A conference call was scheduled, which took place on May 24, 2016, to evaluate each of the proposals received based on qualification and experience, local government references, prior experience in implementing GASB #34, costs for providing the service, and other factors identified in the proposal requirements outlined in the RFP. The scores were very close; therefore, the group decided to interview the four (4) highest scoring firms.

The interviews took place on June 16, 2016, at the Orange LAFCO offices. Following the interviews, all five LAFCOs recommended the selection of Davis Farr, LLP to be the auditors for the five LAFCOs for the next four (4) years.

Davis Farr, LLP is a full service accounting firm providing auditing, consulting and accounting services across the State of California. Davis Farr, LLP provides audit services to the cities of Avalon, Carlsbad, Commerce, Delano, El Segundo, Fontana, Garden Grove, Upland, Victorville, and Woodland. They also provide audit services to a number of special districts including the Eastern Municipal Water District, Irvine Ranch Water District, and Placer County Water Agency as well as audit services to a number of other government entities such as the County of Fresno Housing Authority, Oxnard Housing Authority, Salton Sea Authority, San Diego Association of Governments, San Diego Local Agency Formation Commission, and the San Diego Pooled Insurance Authority. Davis Farr, LLP is located in Irvine, CA.

The four (4) year contract to prepare San Bernardino LAFCO's Financial Statements is for \$31,600. Listed below is the breakdown of the cost by year.

Fiscal Year Ending	Maximum Fee
June 30, 2016	\$7,600.00
June 30, 2017	\$7,800.00
June 30, 2018	\$8,000.00
June 30, 2019	\$8,200.00
TOTAL	\$31,600.00

In addition, the contract provides for a possible extension, at the Commission's sole discretion, for an additional year to prepare San Bernardino LAFCO's Financial Statements for Fiscal Year Ending June 30, 2020.

Attached for your review and approval is the draft contract as well as the Engagement Letter from Davis Farr, LLP.

Attachment:

1. [Draft Contract with Davis Farr, LLP for Audit Services](#)
2. [Engagement Letter from Davis Farr, LLP](#)