



**Request for Qualifications  
for  
Annual Audit and Report  
RFQ 21-03**

**July 1, 2021 - June 30, 2026**

**First 5 San Bernardino  
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## I. INTRODUCTION

### A. Purpose

First 5 San Bernardino, hereafter referred to as the “Commission”, is issuing this Request for Qualifications (RFQ) to a qualified group or individual hereinafter referred to as “Consultant(s)” or “Contractor(s)” to conduct and prepare an Annual Audit and Report; and render an opinion on the Commission’s financial statements. Health and Safety Code Section 130150 provides on or before October 15 of each year, each county commission shall conduct an audit of, and issue a written report on the implementation and performance of, its functions during the preceding fiscal year, including, at a minimum, the manner in which funds were expended. The Commission requires a review of its operations to ensure compliance with policies and regulations, safeguarding of assets, and the reliability and integrity of information.

A financial and compliance audit is required, beginning with the fiscal year ending June 30, 2021, in accordance with Generally Accepted Auditing Standards (GAAS) promulgated by the American Institution of Certified Public Accountants, and GAAS issued by the United States Comptroller General. The qualified group or individual with prior experience working with a First 5 Commission is preferred.

The Commission is a discrete component unit of the County of San Bernardino for fiscal reporting purposes. As such, the audit must be performed in accordance with GAAS No. 34 and No. 54. For audits of fiscal years beginning June 30, 2006 counties participating in the California Children and Families program are subject to expanded audits. Attachment C, developed by the California State Comptroller, is designed to assist auditors in performing the expanded audit.

If conditions are discovered which lead to the belief that material errors and omissions, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the Commission’s Fiscal Administrator. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

### B. Proposition 10 and First 5 San Bernardino

First 5 San Bernardino, also known as the Children and Families Commission for San Bernardino County, was created by the passage of Proposition 10, the California Children and Families Act. In November 1998, voters passed this statewide ballot initiative to add a 50 cent tobacco tax on cigarette packs and tobacco products. The revenues collected must be directed toward promoting, supporting, and improving the early development of children prenatal through five years of age and to supporting the creation of integrated, comprehensive, and collaborative systems of services to enhance optimal early childhood development.

To facilitate the direction of Proposition 10 funds at the local level, county Commissions were established in each of the 58 counties in California. Each Commission is comprised of members appointed by the local County Board of Supervisors and each Commission has independent authority over the administration of Proposition 10 funds in its county.

The Children and Families Commission for San Bernardino County adopted its initial Strategic Plan in April 2000. The current Strategic Plan remains in effect through June 2023. This Strategic Plan outlines broad goals and more specific outcomes to support each goal. All funded projects of the Commission are designed to support the Commission in achieving these goals. A copy of the Strategic Plan can be downloaded from our website at [www.first5sanbernardino.org](http://www.first5sanbernardino.org).

**First 5 San Bernardino Vision** All children in San Bernardino County are healthy, safe, nurtured, eager to learn and ready to succeed.

**First 5 San Bernardino Mission** Promote, support and enhance the health and early development of children prenatal through age five and their families and communities.

## II. PROJECT TIMELINE

- |  |   |
|--|---|
| 1. RFQ Release   | Thursday, March 4, 2021   |
| 2. Deadline for question submissions<br>Email: <a href="mailto:marian.fam@cfc.sbcounty.gov">marian.fam@cfc.sbcounty.gov</a> .  | Thursday, March 11, 2021<br>No later than 12 Noon, PST                |
| 3. Deadline for Proposal submission  | <b>Wednesday, March 31, 2021</b><br><b>No later than 4:00P.M.,PST</b> |
| 4. Tentative date to inform of <u>Unsuccessful Proposals</u><br>at the Administrative Phase (no appeal)                        | April 23, 2021  |
| 5. Tentative date to inform of Award or<br>Unsuccessful Proposal at the Fiscal and/or<br>Program Phase (Opportunity to Appeal) | April 27, 2021  |
| 6. Tentative date for Commission Approval of<br>Contracts  | June 2, 2021  |
| 7. Tentative Start Date for Contract(s)  | July 1, 2021  |

**The above dates are subject to change as deemed necessary by the Commission.**

- A. Period of Performance  
The period of performance shall be for five (5) years, with the completion date of June 30, 2026.
- B. Admonition to Consultant(s)  
Once the RFQ has been issued and during the evaluation process, the individual identified above is the sole contact point for any inquiries relating to this RFQ. Only if authorized by the Commission's contact may other Commission Staff provide information. Any violation of this procedure may be grounds for disqualification of the Consultant. It is the responsibility of the Consultant to ensure that the RFQ responses arrive in a timely manner.
- C. Questions  
Questions regarding the contents of this RFQ must be submitted Electronically via Email on or before **12 Noon PST, Thursday, March 11, 2021 and directed to Marian Fam, Accountant III, [marian.fam@cfc.sbcounty.gov](mailto:marian.fam@cfc.sbcounty.gov)**. The questions and answers will be compiled and posted on the *First 5 San Bernardino website as an addendum to this RFQ*
- D. Correspondence  
All correspondence, **including qualifications submissions and questions**, are to be submitted to:

First 5 San Bernardino  
ATTN: Annual Audit and Report RFQ 21-03  
[Marian.fam@cfc.sbcounty.gov](mailto:Marian.fam@cfc.sbcounty.gov)  
Marian Fam, Accountant III

- E. Qualifications Submission Deadline  
**All qualifications submissions must be submitted and received electronically via email listed in Paragraph D of this Section no later than 12 P.M. (PST) on, Wednesday, March 31, 2021.** All electronically transmitted submissions must be sent in PDF format. Late submissions will not be considered.

### III. QUALIFICATIONS CONDITIONS

#### A. Contingencies

Funding for this project is contingent on the availability of California Children and Families Trust Fund monies. This RFQ does not commit the Commission to award a contract. Cost, while not necessarily the primary factor used in the selection process, is an important factor. The Commission will award a contract based on the qualifications that best meet the needs of the Commission.

The Commission reserves the right to accept or reject any or all qualifications submissions if the Commission determines it is in the best interest of the Commission to do so. The Commission will notify all Consultant(s) in writing, if the Commission rejects all qualifications submissions.

#### B. Modifications

The Commission has the right to issue addenda or amendments to this RFQ. The Commission also reserves the right to terminate this procurement process at any time. Addenda or amendments to this RFQ will be posted on the same website as the RFQ.

#### C. Qualifications Submission

To be considered, all qualifications submissions must be submitted in the manner set forth in this RFQ. **It is the Consultant's responsibility to ensure that its qualifications submission arrives on or before the specified time.** All submitted materials become the property of the Commission.

#### D. Inaccuracies or Misrepresentations

If in the course of the RFQ process or in the administration of a resulting contract, the Commission determines that the Consultant has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the Commission, the Consultant(s) may be terminated from the RFQ process or in the event a contract has been awarded, the contract may be immediately terminated.

In the event of a termination under this provision, the Commission is entitled to pursue any available legal remedies.

#### E. Incurred Costs

This RFQ does not commit the Commission to pay any costs incurred in the preparation of a qualifications submission in response to this request and Consultant agrees that all costs incurred in developing the qualifications submission is the Consultant's responsibility.

#### F. Qualifications Packet Confidentiality

All information submitted in the submission or in response to request for additional information is subject to disclosure under the provisions of the California Public Records Act (California Government Code section 6250, et seq.). Submissions may contain financial or other data that constitutes a trade secret. To protect such data from disclosure, Consultants should specifically identify the pages that contain confidential information by properly marking the applicable pages and inserting the following notice on the front of its response:

NOTICE

The data on pages \_\_\_\_\_ of this submission, identified by an asterisk (\*) or marked along the margin with a vertical line, contains information which are

trade secrets. We request that such data be used only for the evaluation of our submission, but understand that disclosure will be limited to the extent that the Commission determines is proper under federal, state, and local law.

The proprietary or confidential data shall be readily separable from the submission in order to facilitate eventual public inspection of the non-confidential portion of the submission.

The Commission assumes no responsibility for disclosure or use of unmarked data for any purpose. In the event disclosure of properly marked data is requested, the Consultant will be advised of the request and may expeditiously submit to the Commission a detailed statement indicating the reasons it has for believing that the information is exempt from disclosure under federal, state and local law. This statement will be used by the Commission in making its determination as to whether or not disclosure is proper under federal, state and local law. The Commission will exercise care in applying this confidentiality standard but will not be held liable for any damage or injury, which may result from any disclosure that may occur.

**G. Negotiations**

The Commission may require the potential Consultant(s) selected to participate in negotiations, and to submit revisions to budget, technical information, and/or other items from their submission(s) as may result from these negotiations.

**H. Local Preference Policy**

The Commission and the County of San Bernardino (County) has adopted a Local Preference Policy. A local preference of five percent (5%) shall be applied in the cost evaluation of proposals or bids for goods, services, equipment, or a minor public work project, unless an exemption applies. In a price-based bid, five percent (5%) will be deducted from the local vendor's proposed cost for the purpose of comparison when the local vendor's proposed cost is not the lowest. If the local vendor's bid is equal to or lower than the price of an otherwise successful non-local vendor after the 5% preference is applied, the local vendor will be given the opportunity to match the lowest quoted price. In a best value evaluation, five percent (5%) of the awardable points for cost will be added to the local vendor's score. If the local vendor's overall score is equal to or lower than that of an otherwise successful nonlocal vendor, the local vendor will be recommended for award.

"Due to the evaluation of qualitative elements along with cost in a best value evaluation, application of local preference for cost proposals may not result in award to a local vendor with the lowest cost after applying local preference."

Local Vendor - A local vendor is any vendor, contractor or consultant (hereafter "vendor") that meets all of the following requirements:

1. Vendor's main office (headquarters) or a major regional office is located within the County;
2. Vendor employs a minimum of 25% of the vendor's full-time management employees and 25% of its full-time regular employees working from the San Bernardino County location(s);
3. Vendor employs one full-time or two part-time employees with primary residence in the County;
4. Vendor's "point of sale" for purposes of reporting sales tax to the State Board of Equalization is within the boundaries of the County. The payment of any local share of sales tax must go to the County or a city within the County. If the local business has more than one sales office in the State of California, the office located in the County shall be the point of sale for sales tax calculation;
5. Vendor is not delinquent in any taxes or other payments to the County;
6. Vendor possesses a valid and verifiable business license (if required);
7. Vendor has been open and established for at least six months prior to the issuance of the solicitation;
8. Vendor can demonstrate on-going business activity in the field of endeavor on which they are proposing from that office during the preceding six months;
9. Vendor has not within five years prior to the solicitation admitted guilt or been found guilty by any court or state or federal regulatory enforcement agency of violation of any criminal law or any law or regulation regarding fraud;
10. Vendor is not federally debarred; and
11. Vendor is not suspended or debarred from participation in doing business with the County, in the scope of work that is the subject of the solicitation.
12. Local Vendor Self-certification – Documentation provided



Local Vendor self-certification form is required for any bid or proposal when a local preference is claimed affirming that it meets each of the above stated criteria, and signed by a vendor representative with the authority to obligate the company under penalty of perjury. (See Attachment)

#### IV. PROJECT REQUIREMENTS

##### A. Scope of Services

The Commission is seeking a qualified group or individual to perform audits for fiscal years covering July 1, 2020 through June 30, 2025. The audit must be performed in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America as promulgated by the American Institute of Certified Public Accountants and the standards applicable to financial audits set forth in GAAS issued by the Comptroller General of the United States. The project must include accounting services to develop the financial statements in preparation for the audit. The audit must also comply with the California Comptroller's Office, Standards and Procedures for Audits of local entities administering Children and Families Act (First 5) to include the following activities:

##### Annual Audit and Report

##### Service Required:

1. An opinion on the Commission's financial statements;
2. A report on the Commission's compliance with applicable laws, regulations and requirements contained within the applicable portions of the California Health and Safety Code Sections 130100 through 130155;
3. A report of the Commission's compliance with internal control procedures, based on minimal testing performed by the auditors, disclosing any material weakness identified during the scope of audit work;
4. A meeting with Commission management staff, at a time to be determined prior to public hearing, to review findings;
5. Presence at a public hearing each year in October (dates to be determined), to provide an overview of the findings and to answer questions from the Commission and general public relating to the report and any findings expressed in the audit prepared;
6. Issue a pre-audit letter (Letter of Intent);
7. Issue a Management Review Letter;
8. A report on the status of prior year findings;
9. The audit will be conducted in accordance with the auditing standards generally accepted in the United States of America and *Government Accepted Auditing Standards*, issued by the Comptroller of the United States for the purpose of determining whether or not such financial statements fairly present the financial position and results of operations of the Commission in accordance with generally accepted accounting principles (GAAP);
10. The Contractor will provide technical assistance and attend Commission meetings, as necessary, related to the scope of services rendered below;
11. As the Contractor schedules staff to perform annual services, Contractor is to give the Commission consideration to assign the same on-site supervisor(s) for

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audit engagements to provide continuity for service performance.

B. Reports (Summary of Services)

The Annual Audit and Report shall consist of the following components:

- The independent auditor's report on the financial statements and the related notes to the financial statements.
- The independent auditor's report on the internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with (GAAS).
- The independent auditor's report on state compliance
- Status of Prior Audit Findings

The Commission requires five (5) copies of the draft audit report to be submitted to the Commission Office no later than October 1 and twenty-five (25) bound copies of the final audit report to be submitted to the Commission Office no later than October 15.

**Management Letter** – A Management Letter communicates matters involving weaknesses or deficiencies in internal controls or operational inefficiencies, identified during the audit, and contains recommendations for management considerations. A draft management letter advising the Commission of opportunities observed for economy of operations and improvement in internal controls, if such matters were identified, shall be submitted to the Commission's Office within fifteen (15) days from the audit opinion date. The Contractor shall be available for any scheduled meetings that may be necessary to discuss the draft Management Letter. The Final Management Letter is to be submitted to the Commission within 60 days from the audit opinion date.

**Consent**

The Contractor grants the Commission permission to include, at no charge, the final audit opinion with officially published financial statements of the Commission.

**Training**

The Contractor agrees to provide, at no charge, to the Commission's internal audit (contracts) and accounting staff, up to eight hours annually of training specifically related to government accounting/auditing.

**Availability of Prior Audit Reports**

The Annual Audit and Report for fiscal year 2019-2020 is available at [https://first5sanbernardino.org/Portals/39/First5SanBernardinoFS2020Final\(1\).pdf?ver=2021-02-18-095032-767](https://first5sanbernardino.org/Portals/39/First5SanBernardinoFS2020Final(1).pdf?ver=2021-02-18-095032-767)

Audit planning, documentation of systems of internal control, and compliance and transaction testing should be completed during interim stage. Interim stage is to be performed in May and June prior to the close of the fiscal year. It is expected the Commission will close its books and prepare financial statements to be ready for the final audit by August 31. The Contractor is to start the final field work on September 1.

The Commission will provide the Contractor with reasonable work space. The Contractor will also be provided with access to a telephone, a computer with access to the general ledger system, photocopy and fax machines.

C. Work Product

All work papers prepared in connection with the contractual services will remain the property of the successful Consultant(s); however, all reports rendered to the Commission are the exclusive property of the Commission and subject to its use and control.

D. Project Considerations

1. The Consultant's personnel will possess appropriate licenses and certificates and be qualified in accordance with applicable statutes and regulations (when applicable). The Consultant(s) will obtain, maintain and comply with all necessary government authorizations, permits, and licenses required to conduct its operations. In addition, the Consultant(s) will comply with all applicable Federal, State and local laws, rules, regulations and orders in its operations including compliance with all applicable safety and health requirements as to the Contractor's employees.
2. The Consultant(s) must possess and comply with other requirements outlined in this RFQ.

E. Reference Documents

The Commission has copies of the following materials available for review:

1. Americans with Disabilities Act [<http://www.ada.gov/>] California Department of Social Services Manual of Policies and Procedures Divisions 21 and 23, sections 600, 602, and 604  
[\[http://www.cdss.ca.gov/ord/entres/getinfo/pdf/ops0102.pdf\]](http://www.cdss.ca.gov/ord/entres/getinfo/pdf/ops0102.pdf)
2. Clean Air Act (42 U.S.C. section 7606)  
[ <https://www.law.cornell.edu/uscode/text/42/7606>]
3. Clean Water Act (33 U.S.C. section 1368)  
[ <https://www.law.cornell.edu/uscode/text/33/1368>]
4. Environmental Tobacco Smoke (20 U.S.C. section 6081 et seq.), also known as the ProChildren Act of 1994  
[\[http://www.gpo.gov/fdsys/pkg/USCODE-2011-title20/html/USCODE2011-title20-chap68-subchapX.htm\]](http://www.gpo.gov/fdsys/pkg/USCODE-2011-title20/html/USCODE2011-title20-chap68-subchapX.htm)
5. Executive Order 11246 [30 Fed. Reg. 12319 (Sept. 24, 1965)], as amended by Executive Orders 11375, 11625, 12138, 12432, and 12250  
[\[http://www.dol.gov/ofccp/regs/statutes/eo11246.htm\]](http://www.dol.gov/ofccp/regs/statutes/eo11246.htm)
6. Executive Order 11738 [38 Fed. Reg. 25161 (Sept. 10, 1973)] and Environmental Protection Agency regulations (40 C.F.R., part 32)  
[\[http://www.epa.gov/isdc/eo11738.htm\]](http://www.epa.gov/isdc/eo11738.htm)
7. Executive Order 12549 [51 Fed. Reg. 6370 (Feb. 18, 1986)] and Debarment, Suspension, And Other Responsibility Matters (45 C.F.R, part 76)  
[\[http://www.epa.gov/isdc/eo12549.htm\]](http://www.epa.gov/isdc/eo12549.htm)
8. California Government Code section 6250 et seq.  
[\[https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=GOV&tocTitle=+Government+Code+-+GOV\]](https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=GOV&tocTitle=+Government+Code+-+GOV)
9. California Government Code section 87100 et seq.  
[\[https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=GOV&tocTitle=+Government+Code+-+GOV\]](https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=GOV&tocTitle=+Government+Code+-+GOV)
10. Office of Management and Budget (OMB) Circulars  
[\[http://www.whitehouse.gov/omb/circulars/\]](http://www.whitehouse.gov/omb/circulars/)
11. California Penal Code section 11105.3  
[\[https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=PEN&tocTitle=+Penal+Code+-+PEN\]](https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=PEN&tocTitle=+Penal+Code+-+PEN)
12. State Energy Conservation Plan (California Code of Regulations Title 20, section 1401 et seq.)  
[\[http://ccr.oal.ca.gov/default.htm\]](http://ccr.oal.ca.gov/default.htm)

13. Title VII of the Civil Rights Act of 1964 [<http://www.eeoc.gov/policy/vii.html>]
14. California Welfare and Institutions Code section 10000 et seq. [<https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=WIC&tocTitle=+Welfare+and+Institutions+Code+-+WIC>]
15. First 5 San Bernardino [<http://www.first5sanbernardino.org>]

## V. CONTRACT REQUIREMENTS

Contracts funded through this RFQ may include the terms contained below.

### A. General Responsibilities

#### 1. Contractor Capacity

In the performance of this Contract, Contractor its agents and employees shall act in an independent capacity and not as officers, employees, or agents of the Commission.

#### 2. Contract Assignability

Without the prior written consent of the Commission, the Contract is not assignable by Contractor either in whole or in part.

#### 3. Conflict of Interest

Contractor shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, subcontractors, independent contractors, consultants, professional service representatives, volunteers and the Commission. Contractor shall make a reasonable effort to prevent employees, consultants, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family, business, or other ties. In addition, Contractor's employees shall not simultaneously receive payment for work done as an independent contractor without obtaining prior approval from the Executive Director or designee. In the event that the Commission determines that a conflict of interest situation exists, the Commission may disallow any increase in costs associated with the conflict of interest situation and such conflict may constitute grounds for termination of this contract.

#### 4. Former Commission Administrative Officials

Contractor agrees to provide or has already provided information on former Commission administrative officials (as defined below) who are employed by or represent Contractor. The information provided includes a list of former Commission administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Contractor. For purposes of this provision, "Commission Administrative Official" is defined as a member of the Commission or such Administrative Staff.

If during the course of the administration of this Contract, the Commission determines that the Contractor has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the Commission, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the Commission is entitled to pursue any available legal remedies.

#### 5. Subcontracting

Contractor agrees not to enter into any subcontracting agreements for work contemplated under the contract without first obtaining written approval from the Commission. Any subcontractor shall be subject to the same provisions as the Contractor. Contractor shall be

ultimately responsible for the performance of any subcontractor.

6. Change of Address

Contractor shall notify the Commission in writing of any change in mailing and/or service address. Notification shall occur in advance of the address change. At a minimum, notification must occur within five days of the address change. Change of address shall not interrupt service deliverables outlined in the Scope of Services.

7. Staffing and Notification

Contractor shall notify Commission of any continuing vacancies and any positions that become vacant during the term of this Contract that may result in reduction of services to be provided under this Contract. Upon notices of vacancies, the Contractor shall apprise Commission of the steps being taken to provide the services without interruption and to fill the position as expeditiously as possible. Vacancies and associated problems shall be reported to the Commission on each periodically required report for the duration of said vacancies and/or problems.

In the event of a problem or potential problem that will severely impact the quality or quantity of service delivery, or the level of performance under this contract, Contractor will notify the Commission within one working day, in writing and by telephone.

8. Contractor Primary Contact

The Contractor will designate one individual to serve as the primary contact and one to serve as the alternate contact, if primary contact is unavailable, on behalf of the Contractor and will notify the Commission of these designees within 15 days after contract approval. The primary contact shall have the authority to identify, on behalf of the Contractor, other parties able to give or receive information on behalf of this contract.

Contractor shall notify the Commission when the primary contact will be unavailable or out of the office for two weeks or more or if there is any change in either the primary or alternate contact.

9. Responsiveness

Contractor or a designee must respond to Commission inquiries within five business days.

10. Confidentiality

Contractor shall ensure that all staff, volunteers and/or Subcontractors performing Services under this Contract comply with the Commission's Policy 18-01 Non-public Personally Identifiable Information specified at <http://first5sanbernardino.org/CommissionPolicies.aspx> prior to providing any Services. Contractor shall immediately notify the Commission of any suspected or actual breach of confidential information as further detailed in the requirements. These requirements specified at <http://first5sanbernardino.org/CommissionPolicies.aspx> are hereby incorporated by this reference.

11. Indemnification and Insurance Requirements

Contractor agrees to and shall comply with the following indemnification and insurance requirements:

- a. Indemnification – The Contractor agrees to indemnify, defend (with counsel reasonably approved by the Commission) and hold harmless the Commission and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the Commission on account of any

claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. The Contractor's indemnification obligation applies to the Commission's "active" as well as "passive" negligence but does not apply to the Commission's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782.

- b. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies, shall contain endorsements naming the Commission and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the Commission to vicarious liability but shall allow coverage for the Commission to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.
- c. Waiver of Subrogation Rights – The Contractor shall require the carriers of required coverages to waive all rights of subrogation against the Commission, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Contractor and Contractor's employees or agents from waiving the right of subrogation prior to a loss or claim. The Contractor hereby waives all rights of subrogation against the Commission.
- d. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the Commission.
- e. Severability of Interests – The Contractor agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Contractor and the Commission or between the Commission and any other insured or additional insured under the policy.
- f. Proof of Coverage – The Contractor shall furnish Certificates of Insurance to the Commission Department administering the contract evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Contractor shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.
- g. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".
- h. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.
- i. Failure to Procure Coverage – In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or

is canceled and not replaced, the Commission has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by the Commission will be promptly reimbursed by the Contractor or Commission payments to the Contractor will be reduced to pay for Commission purchased insurance.

- j. Insurance Review – Insurance requirements are subject to periodic review by the Commission. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the Commission. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the Commission, inflation, or any other item reasonably related to the Commission's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Contractor agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the Commission to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the Commission.

- k. The Contractor agrees to provide insurance set forth in accordance with the requirements herein. If the Contractor uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Contractor agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Contractor shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

1. Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of the Contractor and all risks to such persons under this contract.
2. If Contractor has no employees, it may certify or warrant to the Commission that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the Commission's Director of Risk Management.
3. With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.
4. Commercial/General Liability Insurance – The Contractor shall carry General Liability Insurance covering all operations performed by

or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- (1) Premises operations and mobile equipment.
- (2) Products and completed operations.
- (3) Broad form property damage (including completed operations).
- (4) Explosion, collapse and underground hazards.
- (5) Personal injury
- (6) Contractual liability.
- (7) \$2,000,000 general aggregate limit.

5. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the Contractor is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

6. If the Contractor owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.
7. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.
8. Professional Liability – Professional Liability Insurance with limits of not less than one million (\$1,000,000) per claim or occurrence and two million (\$2,000,000) aggregate limits

or

Errors and Omissions Liability Insurance with limits of not less than one million (\$1,000,000) and two million (\$2,000,000) aggregate limits

or

Directors and Officers Insurance coverage with limits of not less than one million (\$1,000,000) shall be required for Contracts with charter labor committees or other not-for-profit organizations advising or acting on behalf of the County.

If insurance coverage is provided on a “claims made” policy, the “retroactive date” shall be shown and must be before the date of the start of the contract work. The claims made insurance shall be maintained or “tail” coverage provided for a minimum of five (5) years after contract completion.



12. Licenses and Permits  
Contractor shall comply with all applicable laws, statutes, ordinances, administrative orders, rules or regulations relating to its duties, obligations and performance under the terms of the Contract and shall procure all necessary licenses and permits required by the laws of the United States, State of California, San Bernardino County and all other appropriate governmental agencies, and agrees to pay all fees and other charges required thereby. Contractor shall maintain all required licenses during the term of this Contract. Contractor will notify the Commission immediately of loss or suspension of any such licenses and permits. Failure to comply with the provisions of this section may result in immediate termination of this Contract.
13. Contract Compliance/Equal Employment Opportunity  
Contractor agrees to comply with the provisions of all applicable Federal, State, and County Laws, regulations and policies relating to equal employment, including laws and regulations hereafter enacted. Contractor shall not unlawfully discriminate against any employee, applicant for employment, or service Participant(s) on the basis of race, national origin or ancestry, religion, sex, marital status, age, political affiliation, sexual orientation, or disability. Information on the above rules and regulations may be obtained from the Commission.
14. Americans with Disabilities Act  
Contractor shall comply with all applicable provisions of the Americans with Disabilities Act (ADA).
15. Attorney's Fees  
Contractor understands and agrees that any and all legal fees or costs associated with lawsuits concerning this Contract against the Commission shall be the Contractor's sole expense and shall not be charged as a cost under this Contract. In the event of any Contract dispute hereunder, each Party to this Contract shall bear its own attorney's fees and costs regardless of who prevails in the outcome of the dispute.
16. Ownership Rights  
The Commission shall have a royalty-free, non-exclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this contract including those covered by copyright, and reserves the right to authorize others to use or reproduce such material.
17. Attribution  
Contractor shall properly acknowledge the Commission per the requirements stated in the First 5 San Bernardino Attribution Standards.
18. Pro-Children Act of 1994  
Contractor will comply with Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (20 U.S.C. 6081 et seq.).
19. Environmental Requirements  
In accordance with County Policy 11-08, the County prefers to acquire and use products with higher levels of post-consumer recycled content. Environmentally preferable goods and materials must perform satisfactorily and be available at a reasonable price. The County requires Contractor to use recycled paper for any printed or photocopied material created as a result of this Contract. Contractor is also required to use both sides of paper sheets for reports submitted to the County whenever practicable.

To assist the county in meeting the reporting requirements of the California Integrated Waste Management Act of 1989 (AB 939), Contractor must be able to annually report the County's environmentally preferable purchases. Contractor must also be able to report on environmentally preferable goods and materials used in the provision of their service to the County, utilizing a County approved form.

20. Air, Water Pollution Control, Safety and Health

Contractor shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this Contract.

21. Debarment, Suspension, and Other Responsibility Matters

As required by Executive Order 12549 [51 Fed. Reg. 6370 (Feb. 18, 1986)] and Debarment and Suspension, And Other Responsibility Matters (45 C.F.R., section 76):

a. The Contractor certifies that it and any potential subcontractors:

- 1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions (as defined at 45 C.F.R. section 76.200) by any federal department or agency;
- 2) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- 3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (a) (2) of this certification; and
- 4) Have not within a three-year period proceeding this application had one or more public transactions (federal, state, or local) terminated for cause or default; and
- 5) Where the Contractor is unable to certify as true any of the statements in this certification, he or she shall include an explanation in the proposal.

22. Recycled Paper Products

The Commission has adopted a recycled product purchasing standards policy (11-10), which requires contractors to use recycled paper for proposals and for any printed or photocopied material created as a result of a contract with the Commission. The policy also requires Contractors to use both sides of the paper sheets for reports submitted to the Commission whenever practicable.

B. Fiscal Provisions

1. Payment Provisions

The Commission will disburse funds on a fee for service/reimbursement payment process based on the contract budget amount for the applicable fiscal year.

Reimbursements under this Contract will be limited to the obligations and expenditures specified in the Project Budget, included in Attachment B.

Reimbursement will be limited to items as included in the Budget or as an approved modification and will not be provided for any charge resulting from an error, oversight or omission by Contractor.

Contractor will provide invoices monthly to the Commission within fifteen (15) working days of the month following services performed. The Commission reserves the right to disallow expenditures if the corresponding invoice is not provided to the Commission within sixty (60) days following the month in which services were performed.

2. EFT Payments

Contractor shall accept all payments from the Commission via electronic funds transfers (EFT) directly deposited into the Contractor's designated checking or other bank account. Contractor shall promptly comply with directions and accurately complete forms provided by the Commission required to process EFT payments.

3. Allowable Costs

Funds provided pursuant to this Contract shall be expended by Contractor in accordance with the Attachment B – Program Budget.

Such specified expenditures will be further limited to those that are considered both reasonable and necessary as determined by the Commission. Contractor agrees Commission may recover any payments for services or goods, including rental of facilities, which were not reasonable and necessary or which exceeded the fair market value. The recovery shall be limited to payments over and above reasonable or fair market amounts and any costs of recovery.

The reasonable and allowable reimbursement rate for use of motor vehicles, travel expenses and food is based on the current IRS allowable rate.

Costs must be incurred only during the Contract term, except when specifically approved by the Commission. Contractor shall not use current year funds to pay prior or future year obligations. Contractor will not be reimbursed for expenditures incurred after the expiration or termination of this Contract.

Contractor shall obtain Commission approval for all overnight travel and out of State travel as it relates to services provided in this Contract. Reimbursement as it relates to pre-approved travel will be based on the Federal allowable rate. Request must be submitted in writing thirty (30) days in advance of travel date and travel must be approved in advance by the Program Manager.

Contractor shall adhere to the County's Travel Management Policy (8-02) when travels pursuant to this contract and for which reimbursement is sought from the Commission. In addition, Contractor shall, to the fullest extent practicable, utilize local transportation services, including but not limited to Ontario Airport, for all such travel.

4. Supplanting of Funds

In accordance with the Commission's Supplantation Policy, Contractor shall not supplant any Federal, State or County funds intended for the purposes of this contract with any funds made available under this contract. Contractor shall not claim reimbursement from Commission for, or apply sums received from Commission with respect to that portion of its obligations, which have been paid by another source of revenue. Contractor agrees that it will not use funds received pursuant to this contract, either directly or indirectly, as a contribution or compensation for purposes of obtaining State funds under any State program or County funds under any County programs without prior written approval of the Commission.

5. Payment of Taxes

Commission is not liable for the payments of any taxes, other than applicable sales or use tax, resulting from this Contract however designated, levied or imposed, unless Commission would otherwise be liable for the payment of such taxes in the course of its normal business operations.

6. Availability of Records

All records pertaining to service delivery and all fiscal, statistical and management books and records shall be available for examination and audit by the Commission, and State representatives for a period of five years after final payment under the Contract or until all pending Commission and State audits are completed, whichever is later.

7. Assistance by Contractor

Contractor shall provide all reasonable facilities and assistance for the safety and convenience of Commission's representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work of the Contractor.

C. Correction of Performance Deficiencies and Termination

1. Failure by Contractor to comply with any of the provisions, covenants, requirements, or conditions of this contract shall be a material breach of this contract. In such event the Commission, in addition to any other remedies available at law, in equity, or otherwise specified in this contract, may:
  - Afford Contractor a time period within which to cure the breach, which period shall be established at the sole discretion of the Executive Director; and/or
  - Request Contractor provide and implement an action plan to correct breach within a reasonable timeframe; and/or
  - Discontinue reimbursement to the contractor for and during the period in which the Contractor is in breach, which reimbursement shall not be entitled to later recovery; and/or;
  - Withhold funds pending duration of the breach; and/or
  - Offset against any monies billed by the Contractor but yet unpaid by the Commission those monies disallowed pursuant to bullet 3 of this paragraph; and/or
  - Immediately terminate this contract with just cause and be relieved of the payment of any consideration to the Contractor should the Contractor fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination, the Commission may proceed with the work in any manner deemed proper by the Commission. The cost to the Commission shall be deducted from any sum due to the contractor under this Contract and the balance, if any, shall be paid by the Contractor upon demand.
2. The Executive Director, on behalf of the Commission, shall give Contractor notice of any action pursuant to this paragraph, which notice shall be effective when given.
3. The Executive Director is authorized to exercise Commission's rights with respect to initiating any remedies or termination of this contract in his/her sole discretion and to give notice as set forth below in this Contract.

**VI. NONDISCRIMINATION**

A. General

Contractor shall not engage in any unlawful discriminatory practices in providing services, employment of personnel, or in any other respect on the basis of race, color, gender, gender identity, religion, marital status, national origin, age, sexual orientation, or mental or physical handicap or disability pursuant to the Civil Rights Act of 1964, as amended (42 U.S.C., Section 2000d), Executive Order No. 11246, September 24, 1965, as amended, Title IX of the Education Amendments of 1972, and Age Discrimination Act of 1975..

B. Americans with Disabilities Act/Individuals with Disabilities

Contractor agrees to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable Federal and State laws and regulations, guidelines and interpretations issued pursuant thereto. Contractor shall report to the applicable Commission Staff if its offices/facilities have accommodations for people with physical disabilities, including offices, exam rooms, and equipment.

C. Employment and Civil Rights

Contractor agrees to and shall comply with the County's Equal Employment Opportunity Program and Civil Rights Compliance requirements:

1. Equal Employment Opportunity Program

Contractor agrees to comply with the provisions of the Equal Employment Opportunity Program of the County of San Bernardino and rules and regulations adopted pursuant thereto: Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, and 13672; Title VII of the Civil Rights Act of 1964 (and Division 21 of the California Department of Social Services Manual of Policies and Procedures and California Welfare and Institutions Code, Section 10000); the California Fair Employment and Housing Act; and other applicable Federal, State, and County laws, regulations and policies relating to equal employment or social services to welfare recipients, including laws and regulations hereafter enacted.

2. Civil Rights Compliance

Contractor shall develop and maintain internal policies and procedures to assure compliance with each factor outlined by State regulation. Consistent with the requirements of applicable Federal or State law, the Contractor shall not engage in any unlawful discriminatory practices in the admission of beneficiaries, assignments of accommodations, treatment, evaluation, employment of personnel or in any other respect on the basis of race, color, gender, religion, marital status, national origin, age, sexual preference or mental or physical disabilities. The Contractor shall comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified individuals with disabilities in all federally assisted programs or activities, as detailed in regulations signed by the Secretary of the United States Department of Health and Human Services, effective June 2, 1977, and found in the Federal Register, Volume 42, No. 86, dated May 4, 1977. The Contractor shall include the nondiscrimination and compliance provisions of this Contract in all subcontracts to perform work under this Contract.

D. Sexual Harassment

Contractor agrees that clients have the right to be free from sexual harassment and sexual contact by all staff members and other professional affiliates.

## **VII. IMPROPER CONSIDERATION**

Consultant shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the Commission in an attempt to secure favorable treatment regarding this RFQ.

The Commission, by written notice, may immediately reject any submission or terminate any Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the Commission with respect to the submission and award process or any solicitation for consideration was not reported. This prohibition shall apply to any amendment, extension or evaluation process once a Contract has been awarded.

Consultant shall immediately report any attempt by a Commission officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Consultant. The report shall be made to the supervisor or manager charged with supervision of the employee or to the Commission Administrative Office. In the event of a termination under this provision, the Commission is entitled to pursue any available legal remedies.

## **VIII. DISCLOSURE OF CRIMINAL AND CIVIL PROCEEDINGS**

The Commission reserves the right to request the information described herein from the Consultant selected for contract award. Failure to provide the information may result in a disqualification from the selection process and no award of contract to the Consultant. The Commission also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The selected Consultant also may be requested to provide information to clarify initial responses. Negative information provided or discovered may result in disqualification from the selection process and no award of contract.

The selected Consultant may be asked to disclose whether the firm or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten years, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten years, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the Consultant will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the selected Consultant may be asked to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten years, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the Consultant will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

For the purposes of this provision "key employees" includes any individuals providing direct service to the Commission. "Key employees" do not include clerical personnel providing service at the Consultant's offices or locations.

## **IX. QUALIFICATIONS SUBMISSION**

### **A. General**

1. All interested and qualified groups or individuals are invited to submit their qualifications for consideration. Prior experience working with a First 5 Commission is preferred. Submission of

such qualifications indicates that the RFQ has been read and the entire contents of this RFQ is understood, including all attachments and addendums (as applicable) and agrees that all requirements of this RFQ have been satisfied.

2. Qualifications must be submitted in the format described in this Section. Qualifications are to be prepared and submitted in such a way as to provide a straightforward, concise description of capabilities to satisfy the requirements of this RFQ. Expensive bindings, folders, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFQ instructions, responsiveness to the RFQ requirements, and on completeness and clarity of content.
  3. Qualifications submissions must be complete in all respects as required in this Section. Qualifications submissions may not be considered if they are conditional or incomplete.
  4. Qualifications submissions must be received at the designated location, specified in Section II, Paragraph C – Correspondence, no later than the date and time specified in Section II, Paragraph E – Qualifications Submission Deadline.
  5. All qualifications submissions and materials submitted become the property of the Commission.
- B. Procedures for Submitting Qualifications Packet
1. Please submit one (1) Qualifications Packet electronically, in PDF format via email.
  2. The electronic PDF submission must be titled with the Consultants Name and “RFQ 21-03 Annual Audit and Report”.
  3. Qualifications submissions must be submitted in a 8 1/2" by 11" format with no less than 1/2" top, bottom, left and right margins. Font size must be no more than 12 characters per inch. Each page, including attachments and exhibits, must be clearly and consecutively numbered at the bottom center of the page.
- C. Submission Format

Response to this RFQ must be submitted in the following sequence and format:

1. Cover Letter
  2. Table of Contents
  3. Corporate/Company/Agency Profile
  4. Description of Services
  5. Cost Proposal
  6. Credential/Resumes/Certifications/Licenses
  7. References
  8. Evidence of Insurability/Business Licenses
  9. Financial Information
  10. Clarification/Exceptions/Deviations
  11. Local Preference Policy Form (Attachment A)
  12. Statement of Certification (Attachment B)
1. Cover Letter – Include a cover letter, on letterhead stationary, signed by a duly authorized officer, employee, or agent of the firm or individual submitting the proposal, which must include the following information:
    - a. A statement that the Qualifications Application is submitted in response to the Request for Qualifications for Annual Audit and Report RFQ 21-03.
    - b. A statement indicating which individuals, by name, title, address, and phone number, are authorized to negotiate with the Commission on behalf of the submitter.
    - c. A statement certifying that the undersigned, under penalty of perjury, is an agent

authorized to submit bids on behalf of the submitter.

- d. A list of Former Commission Administrative Officials (as defined in Section V. B.) affiliated with the organization/firm. If none, so state.

The cover letter must be signed by an authorized representative. Signature by an authorized representative of the organization on the Qualifications Application cover page shall constitute a warranty, the falsity of which shall entitle the Commission to pursue any remedy authorized by law, which shall include the right, at the option of the Commission, of declaring any contract made as a result thereof, to be void.

2. Table of Contents - A complete table of contents for the entire qualifications submission with respective page numbers opposite each topic listed above.
3. Individual/Corporate/Company/Agency Profile – This section is designed to establish the submitter as an individual or entity with the ability and experience to operate the project as specified in the RFQ. The Individual/Corporate/Company/Agency Profile should be concise and clear, and include descriptive information regarding service delivery. The following information must be provided as follows:
  - a. Business name and legal business status (i.e., partnership, corporation, etc.);
  - b. Proof of non-profit status, if applicable;
  - c. Individual/Corporate/Company/Agency overview of services or activities performed include:
    - i) A brief history of the submitter’s practice or firm.
    - ii) The number of years in business under the present business name, as well as prior business names.
    - iii) Number of years’ experience providing the proposed, equivalent, or related services.
    - iv) Corporate/Company/Agency hierarchy (President, Vice President, Company Officers, etc.) and organizational chart.
    - v) Company size, number of staff, and proposed number of staff to provide services.
    - vi) Location of the office from which the work under this contract will be provided and the staff allocation at that office.
  - d. Whether the submitter holds controlling or financial interests in any other organization, or is owned or controlled by any other person or organization, if none, so state.

4. Description of Services – All qualifications submissions must include a detailed description of the services to be rendered, including but not limited to the following:

A written general understanding to the requirements in the scope of services as detailed in the RFQ, Section IV., A-B, including:

- i) Provide a work plan or description of how the work will be performed.
- ii) Provide in detail areas that will be audited and what types of information the submitter will review.



- iii) Give precise detail on your project reporting mechanisms. Include:
    - 1) A complete description of how the interaction between the submitter and the Commission will take place to ensure that the services are performed and to the Commission's satisfaction, including resolving problems that may be encountered during the project.
    - 2) Time of work; detail timeframe and phases of work.
    - 3) Describe the submitter's policies regarding this project to ensure proper compliance and quality assurance.
    - 4) Provide the submitter's background checking procedures and company utilized.
  - iv) Indicate whether or not the submitter will subcontract portion(s) of the work. If so, indicate the name of the subcontractor and the portion of the work which will be subcontracted.
  - v) Provide a sample invoice
5. License to Practice in California – An affirmative statement must be included verifying the submitter and all assigned key professional staff are properly licensed to practice in California.
6. Independence – The submitter should provide an affirmative statement that it is independent of the Commission as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.
7. Submitter Qualifications and Experience – To qualify, the submitter must have extensive experience in audits of local governments, comparable to First 5 San Bernardino, as well as experience with preparation of Comprehensive Annual Financial Statements in GASB 34 and GASB 54 format. Please include in the qualifications and experience statement a brief description of any work conducted previously for any First 5 Commission.
- i) The submitter must provide a list of all current municipal clients.
  - ii) The submitter is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality review included a review of specific government engagements (required by Government Audit Standards, 1994).
  - iii) The submitter shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. In addition, the submitter shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.
8. Cost Proposal – In this section, please complete and include a cost proposal and narrative describing expenditures appropriate to the deliverables outlined in the Scope of Services. Submitters may also include any other documents as information to further explain the proposed costs. Proposals must fully describe all costs to charges to Commission as part of this project. Submitters must fully explain inclusive blended rates, which include all of the Submitter's project-related or supported expenses.
- Describe how costs will be controlled and properly identified to the specific tasks, while providing a high quality of services, high level of integrity and outcomes.
9. Credentials/Resumes/Certifications/Licenses – This section shall state the person(s) responsible for administering or providing the services. Identify the project manager and include his/her position, responsibilities, qualifications/experience, and a copy of his/her certification or licenses held, if applicable.

Submitter shall specifically provide the following information on all employees to be providing the service:

- Description of Education
- General experience
- Experience or education related to the RFQ project
- Letters of Reference
- Any other information, which will assist in evaluating qualifications
- Government audit experience
- Indicate if person is registered or licensed to practice as a CPA in California

10. References – All Submitters must include present and past performance information with a minimum of three (3) references. Each reference shall include:

- Dates of work performed
- Current contact person, company, address, email and telephone number for each reference identified
- Describe recent similar projects that are equivalent to the Commission. These experiences must show the qualifications of the Submitter's capabilities to complete the Commission's requirements. Provide a summary of the scope of services performed for these other projects.

Please verify that all reference information is correct. References must clearly correlate their performance with the requirements of this RFQ.

11. Evidence of Insurability/Business Licenses – All Submitters shall submit evidence of all required insurance. An Accord cover page will suffice and if awarded the contract, the Submitter has ten (10) calendar days to produce the required insurances, including a certified endorsement naming the Commission as additionally insured. The Submitter shall certify to the possession of any and all current required licenses or certifications. Do not purchase additional insurance until this RFQ has been awarded. Provide a copy of **current** business license or other applicable licenses.

12. Financial Statement – The Submitter must submit financial statements (**balance sheet and income statement**) for its business that are dated no more than twelve (12) months prior to the date of the Qualifications Application submission and cover a period of at least one (1) year. These statements should clearly identify the financial status and condition of the Submitter's entire business entity. Please place in a separate envelope and mark "confidential," if your firm requires this to be kept confidential. The Commission does not guarantee that the financials submitted will be kept confidential.

13. Clarification, Exceptions or Deviations – All Submitters shall describe any exception or deviation from requirements of the RFQ. Each clarification exception or deviation must be clearly identified. If there is no clarification, exception or deviation, a statement to that affect shall be included in this section. The following contractual terms are non- negotiable:

- Indemnification
- All insurance terms
- Termination
- Ownership/Use of Contract Materials and Products (if applicable)
- Disputes
- Governing Law

14. Statements of Certifications (Attachment A) – Complete and include Attachment A in your response to this RFQ.

15. Local Preference Policy Form (Attachment B) – Complete and include Attachment B in your response to this RFQ.

## X. QUALIFICATIONS EVALUATION AND SELECTION

### A. Evaluation Process

All qualifications submissions will be subject to a standard review process developed by the Commission. A primary consideration shall be the effectiveness of the Submitter in the delivery of comparable or related services based on demonstrated performance.

### B. Evaluation Criteria

All qualifications submissions will be subject to a standard review process developed by the Commission to yield the Consultant the proper due diligence in the evaluation phase of the RFQ process.

1. Administrative Review - All qualifications submissions will be initially evaluated to determine if they meet the following minimum requirements:

- a. Must be complete as set forth in Section IX – Qualifications Submission, subsection – C Submission Format including all required documents, and be in compliance with all the requirements of this RFQ.

**Failure to meet these requirements will result in a rejected qualifications submission. Incomplete packages (those missing information/required documents) will be disqualified.** No package shall be rejected, however, if it contains a minor irregularity, defect or variation if the irregularity, defect or variation is considered by the Commission to be immaterial or inconsequential. In such cases the Commission may elect to waive the deficiency and accept the package. **Unsuccessful Consultant(s) in the Administrative Review phase will not have the option to submit an appeal.**

2. Critical Evaluation - Submissions meeting the above requirements will be evaluated on the basis of the following criteria, (not necessarily in order of priority):

- a. Cost
- b. Proposed Program Services and Strategies
- d. Readiness to provide services
- e. Experience
- f. Staffing levels and qualifications

While cost is a major consideration in the evaluation process, selection will be based on the determination of which submission will best meet the needs of the Commission and the requirements of this RFQ.

### C. Contract Award

Contract(s) will be awarded based on a competitive selection of qualifications submissions received.

The contents of the submission of the successful Consultant will become contractual obligations and failure to accept these obligations in a contractual agreement may result in cancellation of the award.

### D. Appeal

In response to a denied award, Consultant may protest, provided the appeal is in writing, is delivered to the address listed, and submitted within five (5) business days of the date on the notification of a denied award. Grounds for an appeal are that the Commission failed to follow the selection procedures and adhere to requirements specified in the RFQ and any addenda or amendments; there has been a violation of conflict of interest provided by California Government Code Section 87100 et seq.; or violation of State or Federal law. Appeals will not be accepted on any other grounds. Only an agency that has submitted a RFQ in compliance with the RFQ 16-01 and addenda or amendments may present a protest to the Commission. An appeal submitted by any other parties or individuals, including potential

subcontractors, employees or unrelated entities, will not be considered and shall be automatically rejected.

In the event of an appeal, all appeals will be handled by a panel designated by the Commission. The Commission will consider only those specific issues addressed in the written appeal. A written response will be directed to the protesting Consultant advising of the decision with regard to the protest and the basis for the decision. Any decision of the Commission will be final.

The appeal must include the following: 1) reference to the RFQ for Annual Audit and Report 16-01 Appeal; 2) basis of appeal; 3) supporting documentation and statements (optional); and 4) name, position, address, telephone, facsimile numbers, and email for agency point of contact for the appeal.

E. Final Authority

The final authority to award a Contract rests solely with the Children and Families Commission for San Bernardino County.

**STATEMENTS OF CERTIFICATION**  
**RFQ 21-03**



	STATEMENT	AGREE (Initial)	DISAGREE WITH REQUIREMENT (Initial and explain in Attachment F- Exceptions)
1.	Services will be provided as described in the Request for Consultant, beginning July 1, 2021 through June 30, 2022.		
2.	The offer made in the proposal is firm and binding from the date the proposal is opened and recorded.		
3.	All declarations in the proposal and any attachments are true and shall constitute a warranty, the falsity of which shall entitle the County to pursue any remedy by law.		
4.	All aspects of the proposal, including cost, have been determined independently, without consultation with any other prospective Proposer or competitor for the purpose of restricting competition.		
5.	The proposer agrees that all aspects of the RFQ 21-01 and the proposal submitted shall be binding if the proposal is selected and a Contract is awarded.		
6.	Proposer will provide the Commission with any other information that the Commission determines necessary for an accurate determination of the Proposer's ability to perform services as proposed.		
7.	If selected, the Proposer agrees to comply with all applicable rules, laws and regulations.		
8.	Proposer agrees to the right of the County, State and Federal governments to audit the Proposer's financial and other records.		
9.	Will permit official representatives of First 5 San Bernardino access to its facilities, staff, and records in conducting pre-award correspondence and/or site visits in connection with this proposal.		
10.	Hereby authorizes First 5 San Bernardino to contact any references and/or sources named, herein, in order to verify funding, accreditation, performance, and other information deemed necessary for review of this proposal.		

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature (*Authorized Signer*)

\_\_\_\_\_  
Agency/Company

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address



**LOCAL PREFERENCE POLICY FORM**

Please check all that apply:

1.	Main or regional Office located within County boundaries.	<input type="checkbox"/>
2.	Issued a business license, if required, and has been established and open for six months prior to release of solicitation.	<input type="checkbox"/>
3.	Has a minimum of 25% full-time management employed and 25% of its full-time regular employed working from County locations.	<input type="checkbox"/>
4.	The statements above do not apply to our agency.	<input type="checkbox"/>

\_\_\_\_\_  
Signature (Authorized Signer)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Company/Agency

\_\_\_\_\_  
Address

\_\_\_\_\_

Attachement C

**STANDARDS AND PROCEDURES FOR  
AUDITS OF LOCAL ENTITIES  
ADMINISTERING THE  
CALIFORNIA CHILDREN AND  
FAMILIES ACT  
(FIRST 5)**



**BETTY T. YEE**  
California State Controller

June 2020

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## I. PURPOSE OF THE AUDIT GUIDE

The State Controller's Office *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5)* is designed to assist auditors in performing the expanded annual audits of the First 5 Program in participating counties. It offers general insight into the nature and scope of the engagement and provides guidelines for performing the expanded audits that are necessary for compliance with statutory requirements pursuant to Health and Safety Code sections 130150(a) and 130151(b). It is not intended to be a complete manual of procedures, nor is it intended to supplant the auditor's judgment. The provisions of this guide are applicable to audits of fiscal years beginning after June 30, 2008.

In July 2018, the United States Government Accountability Office (GAO) issued *Government Auditing Standards, 2018 Revision* (the 2018 Yellow Book). The 2018 Yellow Book is effective for financial audits, attestation engagements, and reviews of financial statements for periods ending on or after June 30, 2020. The 2020 edition of the American Institute of Certified Public Accountants' (AICPA) *Government Auditing Standards and Single Audits (GAS/SA Audit Guide)* is expected to be released in early summer of 2020. **The illustrative reports included in this Audit Guide should not be used without considering any amendments made by the American Institute of Certified Public Accountants (AICPA) to report illustrations.** Although these illustrative reports are based on the 2019 edition of the GAS/SA Audit Guide for audits performed under the 2011 Yellow Book, AICPA has indicated that it does not expect to make significant amendments to address the 2018 Yellow Book.

This June 2020 revision was produced with authoritative reference materials that were available as of June 2020. If any subsequent revision is required, an updated guide will be made available on the SCO's website and local entities will be notified of its availability. As described in Appendix A of this guide, the independent auditor performing the audit is responsible for identifying and applying the audit standards applicable to the audit period and the audit entity.

The expanded annual audit must be performed in conjunction with the county commission's annual audit. The Appendix to this guide includes an illustrative audit report. The First 5 Association of California's *Financial Management Guide* provides guidance on the annual audit ([https://www.cfcf.ca.gov/pdf/about/budget\\_perf/First-5-Financial-Management-Guide-Fifth-Edition-032515.pdf](https://www.cfcf.ca.gov/pdf/about/budget_perf/First-5-Financial-Management-Guide-Fifth-Edition-032515.pdf)).

## II. AUDIT ADMINISTRATION

### A. Audit Requirements

The audit will be performed in accordance with auditing standards generally accepted in the United States of America as promulgated by the AICPA and the standards applicable to financial audits set forth in *Government Auditing Standards*.

### B. Audit Report Due Date

In accordance with Health and Safety Code sections 130150(a) and 130151(c), each county commission's auditor shall annually submit the audit report for the preceding fiscal year by November 1. The report must be filed with **both** the State Controller's Office (SCO) and the California Children and Families Commission (First 5 California) at the following addresses:

State Controller's Office  
Division of Audits  
ATTN: First 5 Audit Oversight Unit  
P.O. Box 942850  
Sacramento, CA 94250

First 5 California  
ATTN: Administrative Services Division  
2389 Gateway Oaks Drive, Suite 260  
Sacramento, CA 95833

Reports sent through a private carrier (UPS, Federal Express, etc.) that requires a physical address should be sent to:

State Controller's Office  
Division of Audits/Financial Bureau  
ATTN: First 5 Audit Oversight Unit  
3301 C Street, Suite 725  
Sacramento, CA 95816

C. Audit Report Submission via File Transfer Protocol (FTP)

The First 5 audit reports may be submitted to SCO via File Transfer Protocol (FTP). In May 2014, the SCO issued user IDs and passwords to the local commission contacts and the local commissions' independent auditors of record. To request changes or additional user IDs/passwords, contact [First5Audits@sco.ca.gov](mailto:First5Audits@sco.ca.gov). Report submission instructions are posted on the SCO FTP site at <https://eft.sco.ca.gov/EFTClient/SCOEFTRReferenceGuide.pdf>

D. Electronic Report File Naming Convention and Format

Name the file according to the entity name, the document type, and fiscal year end. For example, for First 5 ABC, the following names would be used:

- Report = First5ABCRpt.20.pdf
- Revisions = First5ABCRevision20.pdf
- Revised Report = First5ABCRevisedRpt20.pdf

The SCO requests that the electronic audit report files be in **unsecured** PDF file format. Electronic files submitted in this format facilitate efficient processing of the annual independent audit reports.

E. Late Audit Reports

The state commission may withhold a county commission's funds from the California Children and Families Trust Fund until the county commission submits the required audit report [Health and Safety Code section 130150(b)(3)].

F. Unresolved Audit Findings

The SCO shall determine whether the county commission successfully corrected any findings identified in the prior audit report. The SCO may recommend to the state commission that it withhold the allocation of money that the county commission would otherwise receive from the California Children and Families Trust Fund [Health and Safety Code section 130151(e)].

G. Quality Control Reviews

Health and Safety Code section 130151(a) authorizes the SCO to conduct quality control reviews. The county commission's auditor shall make audit documentation available to the SCO upon request. The county commission's auditor shall maintain the audit documentation for a minimum of seven years as required by Business and Professions Code section 5097(e) and Title 16, *California Code of Regulations*, Article 9, Section 68.3.

### **III. AUDIT OBJECTIVES**

The general objectives of each expanded audit are to determine whether the county commission:

- Established contracting and procurement policies pursuant to paragraph (4) of subdivision (d) of Health and Safety Code section 130140, operated in accordance with these policies, and incorporated into these policies' provisions to ensure that the commission's grants and contracts are consistent with its strategic plan;
- Established administrative cost definitions that comply with the state commission's guidelines, and established a process for monitoring these costs;
- Established conflict-of-interest policies and procedures pursuant to paragraph (4) of subdivision (d) of Health and Safety Code section 130140 and complied with all applicable state and local conflict-of-interest statutes and regulations;
- Established policies and practices designed to ensure its adherence to the county ordinance established pursuant to Health and Safety Code section 130140(a)(1);
- Created a long-range financial plan and formally adopted it in a public hearing;
- Communicated its financial condition as required by law;
- Documented its program evaluation expenditure amounts and results; and
- Established salaries and benefits policies pursuant to paragraph (6) of subdivision (d) of Health and Safety Code section 130140.

### **IV. BACKGROUND**

The California Children and Families Act of 1998 (Act), an initiative measure, requires that the California Children and Families Program (established by the Act) be funded by surtaxes imposed statewide on the sale and distribution of cigarettes and tobacco products and deposited into the California Children and Families Trust Fund. The money deposited into the fund shall be used for the implementation of comprehensive early childhood development and smoking-prevention programs.

Existing law established a state commission, First 5 California, with powers and duties related to the administration of the Act at the state level, and authorized county boards of supervisors to establish children and families commissions to administer the Act at the county level.

Providing that certain requirements are met, a county commission receives a portion of the total funds available to all county commissions equal to the percentage of the number of births recorded in that county relative to the number of births recorded in all of the counties participating in the First 5 Program.

Health and Safety Code section 130150 requires each county commission, on or before October 15 of each year, to conduct an audit of, and issue a written report on the implementation and performance of, its functions during the preceding fiscal year. Section 130150 also requires the state commission to prepare a written report that consolidates, summarizes, analyzes, and comments on the annual audits and reports submitted by all of the county commissions.

Health and Safety Code section 130151 directs the SCO to issue guidelines for expanded annual audits of each county commission and to perform associated quality control functions.

## **V. STATE COMPLIANCE REQUIREMENTS**

### **A. Contracting and Procurement**

Compliance Requirement:

County commissions must adopt, in a public hearing, contracting and procurement policies that are consistent with the following state laws:

- Government Code, Article 7, section 54201 (Purchases of Supplies and Equipment by Local Agencies)
- Public Contract Code, Chapter 2, section 2000 (Responsive Bidders)
- Public Contract Code, Chapter 3, Article 5, section 3410 (Preference for United States-Grown Produce and Processed Foods in Contract of Public Entity for Purchase of Food)
- Public Contract Code, Chapter 3.5, section 22150 (Recycled Product Procurement Mandates Pertaining to Local Governments)

The contracting and procurement policies must contain provisions to ensure that the grants and contracts are consistent with the county commission's strategic plan [Health and Safety Code sections 130140(d)(4) and 130151(b)(1)].

Suggested Audit Procedures:

1. Obtain meeting minutes to confirm that the commission adopted, in a public hearing and/or meeting, its contracting and procurement policies, including the applicable amendments to the policies.
2. Obtain the county commission's written contracting and procurement policies and gain an understanding of how they are applied.
3. Obtain a representation letter from the commission's legal representative stating whether the commission's contracting and procurement policies are consistent with state law.
4. Test a representative sample of contract and procurement transactions against supporting source documentation, as follows:
  - a. Determine whether the transactions are in compliance with the commission's contracting and procurement policies (e.g., test for evidence of contract splitting, which occurs when multiple contracts are awarded to a single contractor in order to avoid monetary limits).
  - b. Determine whether expenditures are consistent with those identified in contracts and other types of agreements (e.g., grants, contracts, and memoranda of understanding).
  - c. Verify that the commission has determined whether grants, contracts, and other types of agreements are consistent with the commission's strategic plan.
5. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures. The finding should state that future allocations may be withheld.

**B. Administrative Costs**

**Compliance Requirement:**

Administrative cost definitions must comply with the state commission's guidelines and the county commission must have a process in place to monitor these costs [Health and Safety Code sections 130140(d)(5) and 130151(b)(2)].

**Suggested Audit Procedures:**

1. Review meeting minutes to confirm that the commission adopted, in a public hearing and/or meeting, a limit on the percentage of the operating budget that may be spent on administrative functions.
2. Determine whether the administrative costs definition is consistent with the state commission guidelines that define administrative functions.
3. Verify through inquiry and inspection whether the county commission has implemented a system to monitor its administrative costs.
4. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures. The finding should state that future allocations may be withheld.

**C. Conflict of Interest**

**Compliance Requirement:**

County commissions must adopt, for commission members, conflict-of-interest policies that are consistent with the following applicable state laws:

- Government Code, Article 4, section 1090, et seq. (Prohibitions Applicable to Specified Officers)
- Government Code, Article 4.7, section 1125, et seq. (Incompatible Activities)
- Government Code, Chapter 7, section 87100, et seq. (Conflict of Interest)

These conflict-of-interest policies must be designed to ensure that the county commission complies with all applicable state and local conflict-of-interest statutes and regulations [Health and Safety Code sections 130140(d)(4) and 130151(b)(3)].

**Suggested Audit Procedures:**

1. Review the commission's public hearing and/or meeting minutes to confirm that the county commission has adopted conflict-of-interest policies.
2. Obtain a representation letter from the county commission's legal representative stating whether or not the conflict-of-interest policies are consistent with applicable state and local conflict-of-interest statutes and regulations.
3. Determine whether the commission is complying with the conflict-of-interest policies and procedures.

4. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures. The finding should state that future allocations may be withheld.

D. County Ordinance

Compliance Requirement:

The county commission must adopt policies and practices to ensure that it is adhering to the county ordinance establishing the commission. The ordinance must be adopted by the county's board of supervisors and contain the minimum provisions specified in the Health and Safety Code [Health and Safety Code sections 130140(a)(1), 130140(d)(1), and 130151(b)(4)].

Suggested Audit Procedures:

1. Obtain a management representation letter that describes how the commission is complying with each component of the ordinance.
2. Verify that the county commission followed its written policies and procedures for adherence to the county ordinance:
  - a. Review source documents (e.g., commission by-laws, organization charts, minutes, and accounting records) to verify that the county commission complied with the county ordinance.
  - b. Obtain commission minutes to confirm that the commission conducted the annual review of the strategic plan.
  - c. Review the minutes to confirm that the commission conducted at least one public hearing and/or meeting before it adopted any revisions to the plan.
3. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures. The finding should state that future allocations may be withheld.

E. Long-Range Financial Plans

Compliance Requirement:

The county commission must have a long-range financial plan that has been adopted in a public hearing [Health and Safety Code section 130151(b)(5)].

Suggested Audit Procedures:

1. Verify that the county commission has a long-range financial plan.
2. Review the meeting minutes to confirm that the county commission formally adopted a long-range financial plan.
3. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures.

F. Financial Condition of the Commission

Compliance Requirement:

The county commission must have established policies and practices with respect to communicating its financial condition [Health and Safety Code section 130151(b)(6)].

Suggested Audit Procedures:

1. Verify that the county commission has policies and practices with respect to communicating its financial condition. At a minimum, the policies and procedures should include the annual audit required by the state commission guidelines.
2. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures.

G. Program Evaluation

Compliance Requirement:

The county commission must have policies and practices with respect to the amount it spends on program evaluation and documenting results of these expenditures [Health and Safety Code section 130151(b)(7)].

Suggested Audit Procedures:

1. Verify that the amount spent on program evaluation is in compliance with the commission's policies and/or practices for evaluation costs (e.g., the adopted budget, commission minutes, funding resolution, or board action). For guidance, refer to section 8.2 of the chapter on Administrative Costs in the First 5 Financial Management Guide.
2. Confirm the existence of evaluation data collected and/or reports prepared on program evaluation. Evidence may be in the form of minutes of meetings at which evaluation results were presented, written reports, or other data files that document program evaluation.
3. Include the notes to the financial statements, a statement that identifies the amount spent on program evaluation during the period under audit. Examples are as follows:

Program Evaluation

The commission spent \$\_\_\_\_\_ on program evaluation during the audit period.

*or*

The commission did not maintain documentation to identify the amount spent on program evaluation during the audit period.

4. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures.

H. Salaries and Benefits Policies

Compliance Requirement:

The county commission must adopt, in a public hearing, policies and procedures for establishing salaries and benefits for its employees. The employees' salaries and benefits policies must

comply with those set forth in the commission policies or the county government policies [Health and Safety Code sections 130151(b)(8) and 130140 (d)(6)].

Suggested Audit Procedures:

1. Obtain meeting minutes to confirm that the commission has adopted salaries and benefits policies and procedures.
2. Test a representative sample of payroll and benefit transactions. Verify that the actual salaries and benefits of commission employees are consistent with the salaries and benefits policies adopted by the commission.
3. Include a finding in the Findings and Recommendations section of the audit report, if noncompliance is identified through the foregoing audit procedures. The finding should state that future allocations may be withheld.



## Appendix A— Illustrative Auditor’s Report

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### SCO Guidance on Using Illustrative Auditor’s Report

The illustrations provided are not intended to be all-inclusive or representative of the specific reporting requirements for a particular county commission audit. The independent auditor performing the audit is responsible for identifying and applying the audit standards applicable to the audit period and the audit entity.

The following illustrative auditor’s reports are provided in this appendix:

- The independent auditor’s report on the financial statements (**page A-2**);
- The independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* (**page A-4**); and
- The independent auditor’s report on state compliance (**page A-6**)<sup>1</sup>.

The county commission’s management discussion and analysis, the financial statements, corresponding note disclosures, and required supplementary information should be presented as prescribed in the American Institute of Certified Public Accountants’ (AICPA) *Audit and Accounting Guide for State and Local Governments*. Other supplementary information should be presented as prescribed by the state commission and/or county.

Additional authoritative reference materials that should be consulted in conducting the audit include, but are not limited to:

- AU-C – AICPA *Codification of Statements on Auditing Standards*;
- GAGAS – *Government Auditing Standards*, published by the Comptroller General of the United States; and
- GASB – Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, issued by the Governmental Accounting Standards Board.

### Auditor Independence – County Auditor-Controller’s Offices:

It is the responsibility of the county auditor-controller to determine his or her own office’s independence. For guidance on determining auditor independence, refer to *Government Auditing Standards* (Yellow Book), paragraphs 3.17 through 3.117. Specifically, paragraphs 3.52 through 3.55 refer to government auditors and audit organization structure. These standards are effective for financial audits for periods ending on or after June 30, 2020.

For county auditor-controller’s offices that are not independent, the auditor should disclaim his or her opinion and should specifically state that he or she is not independent (AU-C section 705.16). For guidance, refer to AU-C section 705, contained in the AICPA Professional Standards. This section is effective for audits of financial statements for periods ending on or after December 15, 2020.

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<sup>1</sup> Auditors must use the provided format for the Independent Auditor’s Report on State Compliance and provide an opinion on the commission’s compliance with requirements described in Section V of this audit guide.

***[Independent Auditor's Letterhead]***

Board of Commissioners  
ABC County Children and Families Commission  
City, CA XXXXX

INDEPENDENT AUDITOR'S REPORT

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the ABC County Children and Families Commission (Commission), a component unit of ABC County, as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion<sup>2</sup>**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the ABC County Children and Families Commission as of June 30, 20XX, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

---

<sup>2</sup> Refer to AU-C Section 705 if modification to the auditor's opinion on the financial statements is necessary.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages XX through XX and XX through XX, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ABC County Children and Families Commission's basic financial statements. The organization table and summary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.<sup>3</sup>

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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<sup>3</sup> If audit procedures were not applied to the referenced information, then modify the statement in accordance with applicable audit standards.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ABC County Children and Families Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ABC County Children and Families Commission’s internal control over financial reporting and compliance.

*[Manual or printed signature of firm]*

*[Firm’s city and state]*

*[Date of the firm’s report]*

***[Independent Auditor's Letterhead]***

Board of Commissioners  
ABC County Children and Families Commission  
City, CA XXXXX

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ABC County Children and Families Commission (Commission), a component unit of ABC County, as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated *[date of report]*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention from those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.<sup>1</sup>

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.<sup>1</sup>

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*[Manual or printed signature of firm]*

*[Firm’s city and state]*

*[Date of the firm’s report]*

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<sup>1</sup> This section of the report should be modified if findings were noted. Refer to the AICPA’s *Audit Guide: Government Auditing Standards and Single Audits* for guidance.

***[Independent Auditor's Letterhead]***

Board of Commissioners  
ABC County Children and Families Commission  
City, CA XXXXX

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

**Compliance**

We have audited the ABC County Children and Families Commission's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 20XX.

**Management's Responsibility**

Management is responsible for compliance with the requirements of the laws and regulations applicable to the California Children and Families Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission’s compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine the Commission’s compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Audit Guide Procedures<sup>1</sup></u>	<u>Procedures Performed<sup>2</sup></u>
Contracting and Procurement	6	
Administrative Costs	3	
Conflict-of-Interest	3	
County Ordinance	4	
Long-range Financial Plans	2	
Financial Condition of the Commission	1	
Program Evaluation	3	
Salaries and Benefit Policies	2	

**Opinion<sup>3,4</sup>**

In our opinion, ABC County California Children and Families Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 20XX.

**Other Matters<sup>5</sup>**

The results of our auditing procedures disclosed other instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items [List finding reference numbers, for example, 20XX-001 and 20XX-002].

The Commission’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Commission’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***[Manual or printed signature of firm]***

***[Firm City and State]***

***[Date of the firm’s report]***

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<sup>1</sup> Do not change the number of procedures listed in this column.  
<sup>2</sup> Indicate “yes” or “no.” If the response is “no,” include a statement explaining why procedures were not performed.  
<sup>3</sup> If non-compliance results in a modified opinion, the auditor should include a section with an appropriate heading, indicating the basis for the modified opinion, and include a description of such non-compliance in an accompanying Schedule of Findings and Questioned Costs. See AU-C Section 935.30 for additional guidance.  
<sup>4</sup> If the auditor expresses a modified opinion (qualified, adverse, or disclaimer), the auditor should use a heading that indicates the type of opinion expressed (e.g. Qualified Opinion). See AU-C Section 705 for additional guidance.  
<sup>5</sup> If noncompliance is not identified in the Schedule of Findings and Questioned Costs, the *Other Matters* section should be omitted.



## Appendix B— Audit Guide Revision Log

Revision Date	Revision Description	Revised Page
July 2007	<u>Added</u> specific language regarding standards to be followed in performing the audit.	1
July 2007	<u>Updated</u> the name and address of the Commission in the report submission/due date section.	1
July 2007	<u>Added</u> specific procurement code sections specified in AB 2932 to Contracting and Procurement audit area.	3
July 2007	<u>Added</u> specific conflict of interest code sections specified in AB 2932 to Conflict of Interest audit area.	5
July 2007	<u>Added</u> Appendix B to track audit guide changes.	B-1
September 2007	<u>Corrected</u> number of audit procedures listed under County Ordinance in Appendix A.	A-6
September 2007	<u>Updated</u> the sample report language in Appendix A to reflect Statement on Auditing Standards 112 (SAS No. 112).	A-4
July 2008	<u>Updated</u> dates.	Cover, 1
July 2008	<u>Added</u> statutory reference for the audit report due date.	1
July 2008	<u>Updated</u> statutory references and examples.	All
August 2008	<u>Corrected</u> statutory reference for the audit report due date.	1
April 2009	<u>Updated</u> the program name to First 5 Program.	All
April 2009	<u>Updated</u> Standards and Procedures revision date.	Cover
April 2009	<u>Added</u> roman numerals to main sections.	All
April 2009	<u>Added</u> statutory reference to audit report due date.	1
April 2009	<u>Added</u> specific language regarding audit report due date and late audit reports.	1, 2
April 2009	<u>Revised</u> wording on the special note preceding the illustrative audit report to clarify independent auditor's responsibility.	A-1
April 2009	<u>Added</u> footnote 1 and revised footnote 2.	A-6
September 2009	<u>Amended</u> link to First 5 Financial Management Guide.	1
September 2009	<u>Revised</u> reference section G based on revision to First 5 Financial Management Guide.	7
May 2010	<u>Updated</u> Standards and Procedures revision date.	Cover
May 2010	<u>Updated</u> the sample report language in Appendix A to reflect SAS No. 115 (AU 325), which supersedes SAS No. 112.	A-4
May 2010	<u>Updated</u> the physical address for the State Controller's Office, Division of Audits.	1

<b>Revision Date</b>	<b>Revision Description</b>	<b>Revised Page</b>
June 2011	<u>Updated</u> Standards and Procedures revision date.	Cover
June 2011	<u>Added</u> the title and page number for each Illustrative Auditor's Report to the table of contents.	Contents
June 2011	<u>Updated</u> the State Controller's Office, Division of Audits, and Bureau Name.	1
June 2011	<u>Added</u> footnote 1.	A-1
June 2011	<u>Updated</u> the sample report language in Appendix A to reflect SAS No. 115 (AU 325).	A-2
June/August 2011	<u>Updated</u> the sample report language in Appendix A to reflect SAS No. 117 (AU 801), which supersedes SAS No. 74.	A-4
August 2011	<u>Added</u> footnote 2.	A-2
May 2012	<u>Updated</u> Standards and Procedures revision date.	Cover
May 2012	<u>Updated</u> the sample report language in the sample report in Appendix A to reflect SAS Nos. 118-120 (AU 550, 551, and 558).	A-2
June 2013	<u>Omitted</u> footnote 1 and <u>replaced</u> with footnote 2.	A-1, A-2
June 2013	<u>Added</u> guidance for County Auditor-Controller's Offices regarding auditor independence reflecting the 2011 revisions of Government Auditing Standards (paragraphs 3.02 through 3.59); and SAS Nos. 122 and 123 (AU-C section 705).	A-1
June 2013	<u>Updated</u> Clarity Project: The AICPA converged and clarified its Auditing Standards. The clarified standards supersede the prior standards associated with the auditor's report for financial statement audits. The clarity standards change the appearance of the auditor's report.	A-2
June 2013	<u>Updated</u> the sample report language in Appendix A to reflect SAS No. 122 (AU-C sections 725 and 730). Contains required changes in specific paragraphs and footnotes.	A-2
June/September 2013	<u>Updated</u> the sample report language in Appendix A to reflect SAS Nos. 122 and 125 (AU section 265).	A-4, A-6
June 2013	<u>Added</u> section headings to the sample report in Appendix A to reflect SAS No. 122 (AU-C 935.30). SAS No. 117 was originally codified as AU section 801. SAS No. 122, Clarification and Recodification, redesignates AU section 801 as section 935, but does not supersede SAS No. 117.	A-6
September 2013	<u>Updated</u> the sample report language in Appendix A-4 to reflect SAS No. 125 (AU-C section 905). This section addresses requirements to include an alert that restricts the use of the auditor's written communication.	A-4
September 2013	<u>Updated</u> the sample report language in Appendix A-6 to reflect conforming changes necessary due to the issuance of SAS No. 123. Amended December 2011 to reflect conforming	A-4, A-6

<b>Revision Date</b>	<b>Revision Description</b>	<b>Revised Page</b>
	changes necessary due to the issuance of SAS No. 125 (AU-C section 935).	
June 2014	<u>Updated</u> Standards and Procedures revision date.	Cover
June 2014	<u>Added</u> audit report submission instructions using File Transfer Protocol (FTP).	1
June 2014	<u>Added</u> references to applicable auditing standards.	3, A-2, A-8
April 2015	<u>Updated</u> Controller's name.	Cover
June 2015	<u>Updated</u> Standards and Procedures revision date.	Cover
June 2015	<u>Revised</u> wording on the auditor's responsibility in the illustrative Independent Auditor's Report.	A-2
June 2015	<u>Omitted</u> paragraph disclaiming an opinion on Supplementary Information in the illustrative Independent Auditor's Report.	A-3
June 2015	<u>Added</u> footnote 5.	A-7
May 2016	<u>Updated</u> Standards and Procedures revision date.	Cover
May 2016	<u>Added</u> the sub-title Independent Auditor's Report to the illustrative Independent Auditor's Report.	A-4
May 2017	<u>Updated</u> Standards and Procedures revision date.	Cover
May 2017	<u>Amended</u> heading "Opinions" to "Opinion."	A-2
May 2017	<u>Updated</u> Footnote 1 – Title reference to AICPA's Audit Guide.	A-4
May 2017	<u>Amended</u> Paragraph structure under the heading Auditor's Responsibility.	A-6
May 2017	<u>Amended</u> Finding reference numbers.	A-7
August 2017	<u>Amended</u> Language in Auditor's Responsibility paragraph in illustrative Independent Auditor's Report.	A-2
June 2018	<u>Updated</u> Standards and Procedures revision date.	Cover
June 2018	<u>Updated</u> SCO Division of Audits Bureau and physical address for reports sent through a private carrier (UPS, Federal Express, etc.).	1
June 2018	<u>Revised</u> the first sentence in the first paragraph for the Audit Report Submission via File Transfer Protocol (FTP).	2
June 2018	<u>Updated</u> the fiscal year-end under the heading Electronic Report File Naming Convention and Format.	2
June 2018	<u>Corrected</u> the page title for Appendix A to be consistent with the table of contents.	A-1
June 2018	<u>Added and Revised</u> authoritative reference materials.	A-1
June 2018	<u>Added</u> subheading Required Supplementary Information under the subheading Other Matters.	A-3

<b>Revision Date</b>	<b>Revision Description</b>	<b>Revised Page</b>
June 2018	<u>Revised</u> wording on the Other Information section in the illustrative Independent Auditor's Report.	A-3
June 2018	<u>Added</u> "and each major fund" to the auditor's report on internal control, first paragraph.	A-4
May 2019	<u>Updated</u> Standards and Procedures revision date.	Cover
May 2019	<u>Updated</u> the month and year revision date under the heading Purpose of the Audit Guide.	1
May 2019	<u>Revised</u> the name of the Commission from "state commission" to "California Children and Families Commission" in the Audit Report Due Date section.	1
May 2019	<u>Updated</u> the fiscal year-end under the heading Electronic Report File Naming Convention and Format.	2
May 2019	<u>Revised</u> Illustrative Auditor's Reports to correct grammar and clarify language.	A-3, A-4, and A-6
June 2020	<u>Updated</u> Standards and Procedures revision date.	Cover
June 2020	<u>Updated</u> the month and year revision date under the heading Purpose of the Audit Guide.	1
June 2020	<u>Added</u> disclosure regarding illustrative reports based on the 2018 Yellow Book.	1
June 2020	<u>Updated</u> the fiscal year-end under the heading Electronic Report File Naming Convention and Format.	2
June 2020	<u>Updated</u> the Generally Accepted Government Auditing Standards paragraphs in the guidance section for County Auditor-Controller's Offices regarding auditor independence reflecting the 2018 Yellow Book revisions (paragraphs 3.17 through 3.117 and 3.52 through 3.55).	A-1