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March 23, 2020

Board of Directors
 Triunfo Water & Sanitation District
 Ventura County, California

TWSD AUDIT SERVICE CONTRACT NO. T20-003 – ROGERS, ANDERSON, MELODY AND SCOTT, LLP

Summary

Triunfo Water and Sanitation District (TWSD) recently solicited proposals for external auditors to provide professional auditing services in accordance with the District’s policy for auditor rotation after 5-years of service. The Request for Proposals was posted on the California Municipal Finance Officers (CSMFO) website and resulted in eight (8) proposals received. A summary of bid amounts in listed below.

Proposal	Year 1	Year 2	Year 3	Total
1	\$ 17,725	\$ 18,434	\$ 19,171	\$ 55,330
2	\$ 21,490	\$ 21,490	\$ 21,490	\$ 64,470
3	\$ 21,325	\$ 21,525	\$ 21,725	\$ 64,575
4	\$ 21,450	\$ 21,450	\$ 21,975	\$ 64,875
5	\$ 23,630	\$ 23,630	\$ 23,630	\$ 70,890
6	\$ 25,000	\$ 25,000	\$ 25,000	\$ 75,000
7	\$ 24,800	\$ 25,544	\$ 26,310	\$ 76,654
8	\$ 29,500	\$ 29,500	\$ 29,500	\$ 88,500

The proposals were reviewed and rated based on mandatory elements of the RFP, technical qualifications, and pricing. The ratings resulted in three (3) top firms (in blue font) for which interviews were conducted on February 11, 2020.

While the evaluation committee felt that all three firms could meet the District’s needs, Rogers, Anderson, Malody & Scott, LLP (RAMS) stood out above the rest with its customer focused service. RAMS was the prior auditor for Ventura Regional Sanitation District, Saticoy Sanitary District, and Ventura County Regional Energy Alliance and currently auditors for the City of Thousand Oaks, Mojave Water Agency, Big Bear Area Regional Wastewater among many other government clients. Throughout the years

RAMS has a proven track record for delivering a reliable, timely and high quality work product.

Staff is recommending RAMS to provide professional auditing services for the District. The contract will be for three years with the option to extend it for two additional years. Enclosed is the proposed agreement. The technical and cost proposals will become attachments to the agreement.

District Legal Counsel has approved this contract as to form and content.

Please contact me at (805) 658-4646 or Tinarivera@vrsd.com if you have any questions.

Fiscal Impact

Funding for TWSD Contract No. T20-003 will be included in the proposed budget for the year in which the services shall take place. The District will realize a small savings (\$150 per year) in the first year two years of the contract since the District paid \$21,600 for the FY 2019 audit. Additionally, the District will realize savings in printing costs since the reports will now be printed by the auditors instead of the District as previously done.

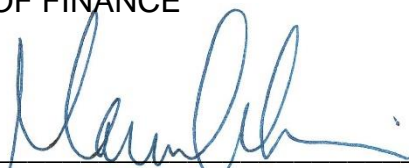
Recommendation

It is recommended that the Board authorize the Chair to sign Contract No. T20-003 with Rogers, Anderson, Melody & Scott, LLP in the amount of \$64,875 to provide auditing services for FY2020, FY2021, and FY2022 with the option to extend the contract for two additional years for an additional \$43,950.



ALVERTINA RIVERA - DIRECTOR OF FINANCE

REVIEWED AND APPROVED:



Mark Norris - General Manager

Attachment: TWSD Contract No. T20-003

CONTRACT NO. T20-003

**AGREEMENT FOR AUDITING SERVICES
BETWEEN
TRIUNFO WATER & SANITATION DISTRICT
AND
ROGERS, ANDERSON, MELODY & SCOTT, LLP**

THIS AGREEMENT is made and entered into this 23 day of March 2020 by and between TRIUNFO WATER & SANITATION DISTRICT, a public agency formed pursuant to California Health & Safety Code Section 4700 et seq., hereinafter "DISTRICT", and ROGERS, ANDERSON, MELODY & SCOTT, LLP, hereinafter "AUDITOR".

RECITALS

A. DISTRICT is a public local government unit operating under the laws of the State of California which require that the financial records of each public agency be reviewed annually by an independent third-party auditor who shall render its opinion on the condition and accuracy of said financial records.

B. DISTRICT has selected AUDITOR as best qualified due to past knowledge of DISTRICT. The selection procedure is in conformance with DISTRICT Purchasing Resolution No. 89-13.

C. AUDITOR has represented itself to be qualified as a Certified Public Accountant, duly authorized to practice and licensed as such by the California State Board of Accountancy, possessing the skills, knowledge and experience necessary to conduct said audit.

D. The parties enter into this Agreement to set forth their respective rights and obligations.

AGREEMENT

ARTICLE 1: EMPLOYMENT AND KEY PERSONNEL

A. DISTRICT employs AUDITOR to perform the auditing services set forth herein. AUDITOR accepts said employment and agrees to perform said work and services in accordance with the terms of this Agreement.

B. Scott Manno, shall be personally in charge of and personally supervise or perform the technical execution of services on a day-to-day basis on behalf of AUDITOR and shall maintain direct communication with the person designated as DISTRICT Engagement Manager.

C. Should the above individual be unable to complete his or her responsibilities for any reason, he/she shall be replaced by another qualified person whom DISTRICT finds satisfactory as a substitute. If AUDITOR fails to make a required replacement within 15 calendar days, DISTRICT may, at its sole option, terminate this Agreement immediately upon giving a written notice of termination.

ARTICLE 2: SCOPE OF SERVICES

AUDITOR agrees to perform the specified professional services as described in Exhibit "A" which is incorporated by reference herein.

ARTICLE 3: AUTHORIZATION AND COMPLETION OF WORK

Auditing services for work outlined in Article 2 shall be rendered only upon execution of this agreement. AUDITOR shall begin work promptly upon execution of the Agreement and pursue the work diligently to assure completion on a timely basis. All contractual work shall be completed in a timely manner.

ARTICLE 4: COMPENSATION

Fees for services provided in Article 2 of this agreement shall not exceed \$64,875 for the first 3-years in addition to \$43,950 if extended for the last 2-years and are outlined in Exhibit "B", the Cost Proposal.

A. Direct Salary Cost

For the time of all personnel employed by AUDITOR, the fees payable by DISTRICT shall be ascertained by multiplying the number of hours worked by each classification of employee on the Engagement by the appropriate hourly rates shown in the Cost Proposal, incorporated by reference herein.

B. Progress Payments

DISTRICT shall pay AUDITOR within 30 days of receiving invoice in accordance with the following payment schedule and contract amounts.

upon completion of interim fieldwork - 33% of maximum contract amount

upon completion final fieldwork - 33% of maximum contract amount

upon delivery of all final reports - 34% of maximum contract amount.

C. Performance

No payment made under the Agreement, except the final payment, shall be conclusive evidence of the performance of the Agreement, either wholly or in part, and no payment shall be construed to be an acceptance of AUDITOR's work. Nothing in this paragraph shall bind DISTRICT to make the final payment or to provide or accept a statement that the work has been completed if DISTRICT determines the work has not been completed in accordance with this Agreement.

ARTICLE 5: INDEMNIFICATION AND HOLD HARMLESS

AUDITOR agrees to defend, indemnify and hold harmless DISTRICT and its officers, agents and employees from and against any and all liability, damages, costs, losses, claims and expenses, however caused, resulting directly or indirectly from or connected with AUDITOR's performance of this Agreement (including, but not limited to such liability, cost, damage, loss, claim or expense arising from the death of or injury to, or damage to property of, AUDITOR, DISTRICT or their respective employees or agents), regardless of the active or passive negligence of DISTRICT, except where such liability, damages, costs, losses, claims or expenses are caused solely by the negligent or wrongful acts or omissions of DISTRICT or any of its agents or employees.

ARTICLE 6: INSURANCE

AUDITOR shall provide and keep in effect during the term of this Agreement insurance as follows:

A. Workers' Compensation and Employer's Liability in accordance with applicable laws.

B. Comprehensive Commercial Liability policies with combined single limit coverage of at least \$1,000,000 for any personal injury, death, or property damage.

C. Comprehensive Automobile Liability policies with combined single limit coverage of at least \$1,000,000 for personal injury, death, or property damage.

D. Professional Liability coverage with minimum limits of \$1,000,000 in full force and effect during the life of this Agreement.

AUDITOR shall provide certificates of such insurance to DISTRICT prior to the start of work. Said certificates shall specifically provide that: (1) DISTRICT is an additional insured for the coverage in Items B and C above; (2) any other insurance coverage applicable to the loss shall be deemed excess coverage and AUDITOR's insurance shall be primary for the coverage in Items B and C above; (3) in the event of AUDITOR's professional liability, AUDITOR's insurance shall respond for the coverage in Item D above; and (4) such insurance shall not be terminated or canceled without thirty (30) days' prior written notice having been given DISTRICT at its address set forth in this Agreement, except that ten (10) days' written notice shall be acceptable in the case of cancellation for nonpayment. The cost of all such insurance and certificates provided shall be borne by AUDITOR.

Should AUDITOR use the services of a subcontractor, AUDITOR shall require that the subcontractor provide and keep in effect identical insurance to that which AUDITOR is required to provide pursuant to the terms of this Article 6 and shall require that the subcontractor provide certificates of insurance to AUDITOR and DISTRICT prior to the time the subcontractor starts work, which certificate shall be in the same form as AUDITOR is required to provide to DISTRICT.

ARTICLE 7: CHANGE ORDERS

No change to Exhibit "A" hereto, or to any other provision of this Agreement, may be made except by a written amendment signed by AUDITOR and DISTRICT and must be consistent with the provisions of the DISTRICT Purchasing Policy.

ARTICLE 8: INDEPENDENT CONTRACTOR RELATIONSHIP

A. It is expressly understood between the parties that no employee/employer relationship is intended, the relationship of AUDITOR to DISTRICT being that of an independent contractor. DISTRICT shall not be required to make any payroll deductions or provide Workers' Compensation Insurance coverage or health benefits to AUDITOR.

B. AUDITOR is solely responsible for selecting the means, methods, and procedures for doing the work assigned, and for coordinating all portions of the work so the results will be satisfactory to DISTRICT. AUDITOR will supply all tools and instrumentalities required to perform its services under the Agreement, except as outlined in Exhibit A.

C. AUDITOR pursuant to this Agreement is rendering professional services only and any payments made to it are compensation solely for such services as it may render and recommendations it may make in the performance of services.

ARTICLE 9: INFORMATION, LIAISON, AND ASSISTANCE

DISTRICT agrees to provide AUDITOR all available information and assistance in regard to obtaining any work performed by DISTRICT or others in connection with the Engagement, including, but not limited to: working paper, spreadsheets, computer printouts, prior audit reports, which are available to DISTRICT and are required in connection with AUDITOR services under this agreement. AUDITOR shall maintain all such information in a confidential manner and AUDITOR shall not release such information to any person or agency without DISTRICT's written approval.

ARTICLE 10: CONFIDENTIAL RELATIONSHIP/TITLE TO DOCUMENTS

AUDITOR agrees that all dealings of the parties under this Agreement shall be confidential and no report, data, information or communication developed, prepared or assembled by AUDITOR under this Agreement, or any information made available to AUDITOR by DISTRICT, shall be revealed, disseminated or made available by AUDITOR to any person or entity other than DISTRICT without the prior written consent of DISTRICT. All data, working papers, spreadsheets and other documents developed, prepared, completed or acquired by CONSULTANT during the performance of its services hereunder shall be turned over to DISTRICT upon termination of this Agreement.

ARTICLE 11: COMPLIANCE WITH LAWS

AUDITOR shall be solely responsible for giving all notices and complying with all applicable laws, ordinances, rules, regulations and lawful orders of any public authority relating to AUDITOR work, the safety of the persons or property involved, and their protection from damage or injury. AUDITOR shall defend, indemnify and hold DISTRICT harmless from and against all claims, demands, payments, suits, actions, proceedings and judgments of every nature and description, including attorneys' fees and costs, brought or recovered against DISTRICT, for or on account of any liability under said laws, ordinances, rules, regulations and orders which may be incurred by reason of any work to be performed by AUDITOR with this Agreement.

ARTICLE 12: NOTICES

All notices or other official correspondence relating to contractual matters between the parties hereto shall be made by depositing same first-class, postage paid mail addressed as follows:

To AUDITOR: ROGERS, ANDERSON, MELODY & SCOTT
 Scott Manno
 735 E. Carnegie Drive, Suite 100
 San Bernardino CA 92408

To DISTRICT: TRIUNFO WATER & SANITATION DISTRICT
 Director of Finance
 1001 Partridge Drive, Suite 150
 Ventura CA 93003-0704

or to such other address as either party may designate hereinafter in writing delivered to the other party. All notices shall be deemed to have been received three (3) days after mailing.

ARTICLE 13: TERMINATION OF SERVICES

Either party may, without cause, terminate the Agreement no more than 30 days after the completion of each fiscal year's audit by providing, in writing, a 30-day notice to the other party. The DISTRICT shall compensate AUDITOR for any work performed up through the date of the notice of termination.

ARTICLE 14: ASSIGNMENT

Neither party shall assign nor transfer its interest in this Agreement without the written consent of the other.

ARTICLE 15: NO WAIVER

No failure or delay by DISTRICT in asserting any of DISTRICT's rights and remedies as to any default of AUDITOR shall operate as a waiver of the default, of any subsequent or other default by AUDITOR, or of any of DISTRICT's rights or remedies. No such delay shall deprive DISTRICT of its right to institute and maintain any action or proceeding which may be necessary to protect, assert or enforce any rights or remedies arising out of this Agreement or the performance of this Agreement.

ARTICLE 16: EXAMINATION OF RECORDS

AUDITOR agrees DISTRICT shall have access to and the right to examine any directly pertinent books, documents, papers, and records of AUDITOR and all the transactions relating to this Agreement.

ARTICLE 17: TERMS

No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties. No oral understanding or agreement not incorporated herein shall be binding on any of the parties.

ARTICLE 18: PARTIAL INVALIDITY

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby.

ARTICLE 19: INCORPORATION OF RECITALS

The foregoing recitals are incorporated herein as though fully set forth.

ARTICLE 20: CALIFORNIA LAW

This Agreement shall be interpreted and construed pursuant to the laws of the State of California. The parties agree that should litigation arising from this Agreement be commenced within California, such litigation shall occur within a court of competent jurisdiction within the County of Ventura.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

TRIUNFO WATER & SANITATION DISTRICT

ROGERS, ANDERSON, MELODY & SCOTT

By _____
JAMES WALL, Chair

By _____
SCOTT MANNO, Partner

APPROVED AS TO FORM:

ARNOLD, LaROCHELLE, MATHEWS,
VANCONAS & ZIRBEL, LLP

By _____
JOHN MATHEWS, Counsel

ATTEST:

By _____
JULIET RODRIGUEZ
Clerk of the Board

EXHIBIT A

Scope of Work to be Performed and Reports to be Issued

The auditor shall express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor is not required to audit the District's supporting schedules, but is to provide an "in-relation-to" opinion on the schedules based on the auditing procedures applied during the audit of the basic financial statements.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Government Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Audit work will be required on all debt issues, to review accounting treatment and determine compliance with the bond covenants.

All auditors adjusting journal entries must be discussed and explained to the Director of Finance or the DF's designee prior to recording. They should be in a format that shows the lowest level of posting detail needed for the District to enter the data into the general ledger.

Following the completion of the audit of the fiscal year's financial statements the auditor shall:

1. Issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. Issue a report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. Issue a report on compliance and internal control over compliance applicable to each major federal program.
4. Put together the CAFR components and provide the District with an electronic copy and up to (fifteen) 15 bound hard copies.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the management (the "Management Letter"), which shall be referred to in the reports on compliance and internal controls.

EXHIBIT A

Irregularities and illegal acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the District Manager and the Director of Finance.

Auditors shall assure themselves that the District Manager is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention

EXHIBIT B

Triunfo Water & Sanitary District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Proposed Fees

Rogers, Anderson, Malody & Scott, LLP

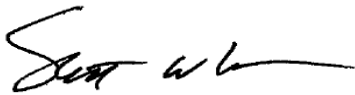
Certified Public Accountants

The annual fee for the audit of each fiscal years, as listed below, shall not exceed the following:

<u>All-Inclusive Maximum Price</u>	<u>Fiscal year ended June 30,</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Option years</u>	
				<u>2023</u>	<u>2024</u>
District audit	<u>\$ 21,450</u>	<u>\$ 21,450</u>	<u>\$ 21,975</u>	<u>\$ 21,975</u>	<u>\$ 21,975</u>
Single audit, if necessary*	<u>\$ 4,750</u>	<u>\$ 4,750</u>	<u>\$ 4,860</u>	<u>\$ 4,860</u>	<u>\$ 4,990</u>

* for the first major program, each additional major program will be \$3,250.

Certification: Scott W. Manno, CPA, CGMA, is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District.



Partner

Signature

Title

Scott W. Manno, CPA, CGMA

Name (print)

EXHIBIT B

**Triunfo Water & Sanitary District
Schedule of Fees and Expenses
For the audit of the 2020 Financial Statements**

<u>Position</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partner	15	\$ 305	\$ 280	\$ 4,200
Manager	15	200	175	2,625
Supervisory staff	45	145	125	5,625
Staff	90	110	100	9,000
	<u>165</u>			
Sub-Total				21,450
Out-of-pocket expenses				-
Total all-inclusive maximum price fiscal year 2020 audit				<u>\$ 21,450</u>

**Triunfo Water & Sanitary District
Schedule of Fees and Expenses
For the audit of the 2021 Financial Statements**

<u>Position</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	15	\$ 305	\$ 280	\$ 4,200
Manager	15	200	175	2,625
Supervisory staff	45	145	125	5,625
Staff	90	110	100	9,000
	<u>165</u>			
Sub-Total				21,450
Out-of-pocket expenses				-
Total all-inclusive maximum price fiscal year 2021 audit				<u>\$ 21,450</u>

EXHIBIT B

**Triunfo Water & Sanitary District
Schedule of Fees and Expenses
For the audit of the 2022 Financial Statements**

<u>Position</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	15	\$ 310	\$ 285	\$ 4,275
Manager	15	205	175	2,625
Supervisory staff	45	150	125	5,625
Staff	<u>90</u>	115	105	<u>9,450</u>
	<u>165</u>			
Sub-Total				21,975
Out-of-pocket expenses				<u>-</u>
Total all-inclusive maximum price fiscal year 2022 audit				<u>\$ 21,975</u>

**Triunfo Water & Sanitary District
Schedule of Fees and Expenses
For the audit of the 2023 Financial Statements**

<u>Position</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	15	\$ 310	\$ 285	\$ 4,275
Manager	15	205	175	2,625
Supervisory staff	45	150	125	5,625
Staff	<u>90</u>	120	105	<u>9,450</u>
	<u>165</u>			
Sub-Total				21,975
Out-of-pocket expenses				<u>-</u>
Total all-inclusive maximum price fiscal year 2023 audit				<u>\$ 21,975</u>

EXHIBIT B

**Triunfo Water & Sanitary District
Schedule of Fees and Expenses
For the audit of the 2024 Financial Statements**

<u>Position</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	15	\$ 310	\$ 285	\$ 4,275
Manager	15	210	175	2,625
Supervisory staff	45	150	125	5,625
Staff	<u>90</u>	125	105	<u>9,450</u>
	<u>165</u>			
Sub-Total				21,975
Out-of-pocket expenses				<u>-</u>
Total all-inclusive maximum price fiscal year 2024 audit				<u>\$ 21,975</u>