EXHIBIT A - MEMORANDUM OF NOTIFICATION TO POTENTIAL BIDDERS

[NAME OF GOVERNMENT LETTERHEAD]

DATE: [DATE]

TO: Invited Parties

FROM: [NAME OF OFFICIAL, TITLE]

SUBJECT: Professional Auditing Services

The “Name of JPA” is soliciting proposals from qualified firms of certified public accountants to audit the “Name of JPA’s” financial statements for the fiscal year ending (Date), with the option of auditing the “Name of JPA’s” financial statements for the (Number) subsequent fiscal years. Audit firms expressing interest will be provided with a copy of a request for proposal (RFP).

Please indicate your interest in receiving a copy of the RFP by making a request in writing to the following address by [DATE].

[NAME OF OFFICIAL]
AUDIT COMMITTEE
[ADDRESS]

All questions and correspondence should be directed to [NAME OF OFFICIAL] in writing at the above address or by calling [TELEPHONE NUMBER]. Contact with [NAME OF JPA] personnel other than [NAME OF OFFICIAL] regarding this RFP may be grounds for elimination from the selection process.
DATE:  [DATE]

TO:  Audit Firms Having Expressed Interest in Responding to a Request for Proposals

FROM:  [NAME OF OFFICIAL, TITLE]

SUBJECT:  Notification of Interest

The [JPA] is soliciting proposals from qualified firms of certified public accountants to audit the [JPA]'s financial statements for the fiscal year ending [DATE], with the option of auditing the [JPA]'s financial statements for the three subsequent fiscal years. Enclosed for your consideration is a Request for Proposal (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP. Please indicate your intent to submit a proposal by completing the attached Notification of Interest and returning it to the address listed below by [DATE].

[NAME OF OFFICIAL]
AUDIT COMMITTEE
[ADDRESS]

Completed proposals must be received at that address by [TIME] ON [DATE].

(Optional) Please note that a preproposal conference is scheduled at [TIME] on [DATE] in our offices located at [ADDRESS] to respond to any questions you may have about the RFP.

All questions and correspondence should be directed to [NAME OF OFFICIAL] in writing at the above address or by calling [TELEPHONE NUMBER] by (Date). Contact with [JPA] personnel other than [NAME OF OFFICIAL] regarding this RFP may be grounds for elimination from the selection process.
JPA Name

INDEPENDENT AUDIT SERVICES
REQUEST FOR PROPOSAL (RFP)

Date
INTRODUCTION

Interested qualified public accounting firms are invited to submit sealed proposals for independent audit services for “JPA Name” hereafter referred to as the JPA, for the fiscal year ending June 30, 20x1. The proposal will be accepted up to, but not later than 4:00 p.m. on “date”. Upon the satisfactorily completion of the June 30, 20x1 audit, it is the intention of the JPA to continue the audit engagement to the fiscal years ending June 30, 20x2 and 20x3.

All proposals shall be submitted in the format specified by the JPA. The JPA reserves the right to reject any or all proposals, and to waive any defects or irregularities in the best interest of the JPA. Proposals shall be received at “address”.

This Request for Proposal (RFP) contains specifications and related documents covering independent audit services as specified herein.

This RFP shall NOT be construed to create an obligation on the part of the JPA to enter into a contract with any audit firm or to serve as the basis for a claim for reimbursement for expenditures related to the development of a proposal.

Notwithstanding other provisions of the RFP, auditors are hereby advised that this request is a solicitation of proposals ONLY. It is not intended, nor is it to be constructed as, the engaging in formal competitive bidding pursuant to any statute, policy, or regulation.

Each proposal shall be responsive to the contents of this request for proposal.

JPA INFORMATION

Name of JPA

The “Name of JPA” is a Joint Powers Authority (JPA) established under Article I, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 at seq.). The JPA has been operation as a public entity risk pool since Year. The JPA’s membership consists of “Describe membership”.


Describe organizational structure
The JPA is a member-directed risk sharing pool of counties committed to providing risk coverage programs and risk management services. The JPA is governed by a Board of Directors. Each member county is entitled to representation on the Board of Directors. The Board of Directors elects an Executive Committee and Officers. The JPA’s staff includes a Chief Executive Officer supported by an Administration, Finance, Claims, Information & Technology, and Loss Prevention departments.

The JPA’s lines of coverage include primary and excess workers’ compensation, primary and excess liability, miscellaneous liability, property, medical malpractice and employee health and benefits. A separate enterprise fund has been established for each line of coverage. There are also funds established for operation of the JPA’s building, treasury functions, and general administration.

Describe the composition of the audit committee
The Executive Committee appoints a Finance Committee. The Finance committee serves as the audit committee. The Finance Committee prepares recommendations regarding:

- Accounting and internal control systems designed to safeguard JPA assets,
- The JPA’s budgets and budget revisions,
- Reviews interim and annual financial statements,
- Investment policies and programs,
- The selection of the external financial auditor, and is
- Responsible for the oversight of the audit.

Attached is a copy of the 20x0 Comprehensive Annual Financial Report and the 20x0 Popular Report.

Accounting System

Describe accounting systems
The JPA’s general ledger is maintained using “MAS 90” general ledger system. The payroll system is maintained using “MAS 90” payroll. Accounts payable checks and bank reconciliation’s are prepared using “MAS 90” applications.

The JPA uses the iVOS Claims System to monitor and report all member worker compensation, liability, and medical malpractice claims.

Name of CPA firm prepared the 20x0 annual audit.
The JPA management will prepare the Annual Financial Report for the year ended June 30, 20x1. The report will include an introductory, financial, and statistical section. The financial section will include:

- The Report of the Independent Auditors,
- Management’s discussion and analysis,
- The basis financial statements,
- The notes to the financial statements,
- Required supplemental information including a reconciliation of unpaid claims, claim development information,
- Combining financial statements of all JPA programs,
- Individual fund financial statements for each JPA program including:
  1. Workers Compensation
  2. Liability
  3. Etc.

The JPA has been awarded the California Association of Joint Powers JPA’s Certificate of Accreditation with Excellence for the period “dates”.

**SCOPE OF SERVICES**

Auditors shall submit a proposal to provide the JPA with audit services for a period of one, two, and three years. Said audit shall include all funds, programs and accounts maintained by the JPA.

A. **Technical Standards**

Examinations of financial records and statements and audits for compliance shall be made in accordance with generally accepted governmental auditing standards set forth by the U.S. Government Accountability Office (GAO). These standards include generally accepted auditing standards as adopted by membership of the American Institute of Certified Public Accountants (AICPA).

The audit shall be made in accordance with generally accepted governmental auditing procedures prescribed by the AICPA and the *Industry Audit Guide-Audit of State and Local Governmental Units* and the appropriate sections of the Governmental Accounting Standards Board’s Statements.

B. **Exact scope of work to be performed including expected deliverables**

Conduct a financial audit of all JPA Funds detailed in the Background section of the RFP. Audit and present an opinion regarding the JPA’s financial statements including the notes to the financial statements. The contents of the Auditors report should equal or exceed the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in
Financial Reporting program. Auditors are expected to be knowledgeable of this program and have the experience to assist the JPA in achieving this reporting standard.

Apply appropriate audit procedures to all required and other supplemental information including the combining financial statements, all individual fund financial statements, reconciliations of unpaid claim liabilities and loss development schedules and present an opinion regarding the fair presentation of all supplemental information “in relation to” the financial statements taken as a whole.

Conduct an assessment of the JPA’s internal controls. Obtain an understanding of the JPA’s systems for internal controls sufficient to plan the audit by performing procedures to understand the design of controls relevant to an audit of financial statements, and whether they have been placed in operation. Prepare a written report with any recommendations regarding the auditor’s assessment of the internal control structure and control risk including the control environment, risk assessments, control activities, information and communication, and monitoring.

Perform tests of compliance with appropriate laws and regulation. Prepare a written report regarding any material findings resulting from the auditor’s test of compliance with applicable laws and regulations.

Present discussion drafts of the auditor’s reports at an exit conference with appropriate JPA personnel. The purpose of this conference is to sustain effective auditor-client communication and provide a check against misunderstandings. Final draft of the Auditor’s Opinion letter, Report on Internal Controls, Letter to Management, and any other required communications should be presented to the Audit Committee during the month of (Date).

C. Timeliness of Auditor Reports

The Auditor’s reports must be completed and delivered to the JPA no later than the December 1, 20x0 printing deadline. The Joint Powers Agreement requires that the audit report be presented at the Board of Directors prior to (Date).

D. Working Papers

The auditor shall retain working papers for a period of three (3) years, unless otherwise specified by the JPA. Such working papers shall be available for review and audit by the JPA, representatives of Federal, State and/or County Governments and other individuals designated by the JPA.
E. Resources to be provided by the JPA

1. Financial Records: Access to or copies of current or prior years’ financial statements, budgets, general ledger listings, actuarial reports, claims audits, premium spreadsheets, and other appropriate financial records.

2. Board of Directors minutes and other governance documents: Access to or copies of Board of Director’s and other committees’ meeting agendas and minutes.

3. JPA Assistance: The JPA shall assign appropriate staff to assist the auditor by providing required information and explanations.

4. The JPA will provide adequate working space.

MINIMUM CONTENTS OF PROPOSAL

Each proposal shall contain as a minimum in this order:

1. Identification of Prospective Auditor: Name of person or firm submitting the proposal. Include mailing address, telephone number, and the individual to contact for further information if necessary.

2. Management: Name of the lead person who will conduct the audit. The auditor will not be permitted to substitute the lead person without prior approval of the JPA’s Chief Financial Officer.

3. Personnel: A description of the qualifications of all professional personnel who will be conducting the audit. Please provide: A summary of similar work of audits performed, and a brief resume for each professional, and a statement indicating to what extent each team member will be assigned to the audit.

4. Organization: A brief description of the firm or organization. Please include a summary of similar audit engagements for insurance JPAs or other government entities.

5. Subcontracts: If any subcontractors are to be used, a description of the qualifications of each such person or firm and the percentage of the work to be done.

6. Methodology: The prospective Auditor’s description of the overall approach to the audit, including the work plan, tentative schedule, specific techniques that will be used, specific administrative and operational
management expertise, and auditing principles standards that will be employed. Please provide a statement of assurance that the timeliness of the audit reports can be achieved.

7. Conflict of Interest: Disclosure of any past or current business or other relationship with the JPA that may have an impact upon the outcome of the audit. Include a listing of any current clients that may have a financial interest in the outcome of the audit.

8. Fee: The prospective Auditor’s total contract bid price or fee to the JPA. The total fee must be detailed as to classes of personnel to be used in the audit and include the estimated number of hours and fee for each class. Other costs, including travel, and/or per diem, and other out-of-pocket costs must also be included.

Failure to properly address all the items set forth above may disqualify the prospective Auditor’s proposal.

The JPA reserves the right to reject any or all proposals at its sole discretion.

**SUBMITTAL OF PROPOSALS**

THREE (3) copies of the proposal, one of which shall be unbound for photocopy purposes, shall be sent to:

*Name and Address of the JPA*

All proposals must be received no later than 4:00 p.m. on *Date*. No postmarks will be accepted. Late proposals will not be considered. All proposals, whether selected or rejected, shall become property of the JPA.

**CONTRACT AWARD**

The JPA reserves the right to reject any and all proposals submitted. Award of the contract will be made to the firm, in the sole opinion of the JPA, which will provide the service that best meets the needs of the JPA.

Finalists may be required to attend an oral interview at their own expense.

The JPA intends to select an auditor on or before (Date)

Each proposal will be evaluated based on:
1. The government audit experience, relevant education, public entity insurance pool experience, and special skills of the audit team;
2. References from public entity insurance pool clients;
3. The audit approach (for example, statistical sampling, analytical procedures, methodology for documenting, IT use in auditing process);
4. The audit firms participation in a AICPA or CSCPA quality control program; and
5. The audit fee.

ADDITIONAL INFORMATION

Requests for additional information or assistance relative to the Request for Proposal should be directed to:

Official &
Name and address of JPA
Submitted herewith is our proposal to perform the annual audit for the Board of Directors of the **Name of JPA** for the fiscal years specified.

We propose to conduct the audit and submit the audit reports in compliance with the Request for Proposal and other documents related hereto. We agree the terms and conditions of the proposal documents. We agree to complete the audit within the time stipulated.

**PERSONNEL AND HOURLY RATES**

The audit will be performed by the personnel identified in the Statement of Qualifications - Annual Audit. The estimated number of hours and rate per hour for each Auditor Classifications as follows:

<table>
<thead>
<tr>
<th>Name and Auditor Classification</th>
<th>Estimated Number of Hours</th>
<th>Rate</th>
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**MAXIMUM ANNUAL FEE**

Please submit fee proposal in a separate, sealed envelope.

The undersigned agrees to perform the audit specified at a total fee and other cost not to exceed:

A. $_________ for the fiscal year beginning July 1, 20x0 and ending June 30, 20x1.

B. $_________ for the fiscal year beginning July 1, 20x1 and ending June 30, 20x2.

C. $_________ for the fiscal year beginning July 1, 20x2 and ending June 30, 20x3.

Name of Accounting Firm: _____________________________________________

Signature of Authorized Agent: _________________________________________

Date:______________  Title: ____________________________________
1. Name of Firm: _______________________________________________
   Address: ___________________________________________________
   ___________________________________________________________
   Telephone Number: _____________________

2. Name of Partner who will have primary responsibility for the audit:
   ___________________________________________________________

3. Personnel to be assigned to the audit are:
   Please include each staff member's relative education and experience and their
   position on the audit team.
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________

4. Provide a brief description of the firm.

5. If any subcontractors are planned for the audit, describe the work to be done by
   the subcontractor, the qualifications of the subcontractor and the monetary
   percentage of work to be done.
6. Describe the auditors overall approach including work plan, special or organizational techniques to performing the audit. Indicate the percentage of the audit work the firm expects to accomplish in each of the months shown below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage of Work to be done</th>
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<tbody>
<tr>
<td>July</td>
<td>____________________________</td>
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<td>August</td>
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<td>September</td>
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<td>October</td>
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<td>November</td>
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<tr>
<td>December</td>
<td>____________________________</td>
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7. Describe any conflict of interest that may exist.

8. Record any additional comments regarding the firm’s qualifications.

Name of Accounting Firm: ___________________________________________

Signature of Authorized Agent: ________________________________

Date:______________  Title: ____________________________________
JPA NAME  
INDEPENDENT AUDIT SERVICES RFP  
ACCOUNTING FIRM EVALUATIONS

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Experience</td>
<td>0-10</td>
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<tr>
<td>Each individual should have performed at least three governmental audits during the past two years.</td>
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<tr>
<td>Senior and supervisory personnel should have extensive experience since they will handle many audit decisions.</td>
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<tr>
<td>2. Relevant Education</td>
<td>0-5</td>
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<tr>
<td>Each individual should have attended at least one governmental auditing update course during the past two years.</td>
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</tr>
<tr>
<td>Senior and supervisory personnel should have extensive education regarding governmental audits.</td>
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<tr>
<td>3. Public Entity Insurance Pool Experience</td>
<td>0-15</td>
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<tr>
<td>Points are given only if experience is relevant to (JPA Name).</td>
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<tr>
<td>4. Special Skills</td>
<td>0-5</td>
</tr>
<tr>
<td>At a minimum, the partner or manager/supervisor should have some participation in a State professional organization.</td>
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<tr>
<td>5. List of Clients</td>
<td>0-10</td>
</tr>
<tr>
<td>Provides depth of experience as well as the years devoted to governmental auditing.</td>
<td></td>
</tr>
<tr>
<td>References check from client list</td>
<td></td>
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<tr>
<td>6. Audit review process</td>
<td>0-5</td>
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<tr>
<td>Points given for participation in AICPA or CSCPA quality control programs.</td>
<td></td>
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</tbody>
</table>
7. **Audit approach**
   0-25

Audit Programs

Use of Statistical Sampling

Organization of audit team and approximate percentage of time spent on the audit.

Typical assistance expected from the JPA’s staff.

Tentative schedule for completing audit within specified deadlines.

Other factors

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Total Technical Score:  __________

\[
\text{Lowest Qualified Price Quote} \times 25 = \text{Fee Score: } \ __________ \\
\text{Proposal’s Price Quote}
\]

Total Score:  __________