

## **Audit and Finance Agenda Item**

**Meeting Date:** 3/3/11

**Title of Item:** Interview and Selection of External Audit Firm

### **Background and Analysis:**

California Education Code section 84040(b) requires that the governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. The audit shall be made by certified public accountants licensed by the California Board of Accountancy.

The District's contract with Perry-Smith LLP expired after completion of the fiscal year 2009-10 audit. At the September 9, 2010 meeting, the Audit & Finance Committee reviewed and accepted, with minor modifications, Request for Proposal (RFP) No. 1307 for Independent Audit Services. In accordance with the award process listed in RFP No. 1307, the District mailed the RFP on November 15, 2010 to 19 local, regional, and national certified public accounting firms. The RFP was also posted on Bid Net. The district held a Pre-Proposal Question and Answer (Q&A) Session on December 14, 2010. The deadline to submit proposals was January 5, 2011. The district received a total of 6 proposals. The Vice Chancellor of Business Services, Controller, De Anza College Vice President of Finance and Educational Resources, and Foothill College Vice President of Educational Resources and Instruction screened the proposals, based on the evaluation criteria listed in the RFP, and selected the three finalists to be forwarded to the Audit & Finance Committee (the committee).

The committee will have approximately 10 to 15 minutes to review the recommended interview questions and select from the list, or create committee originated questions. The committee will also need to determine the format to be used for asking the questions in the interview. The committee chair will provide the opening instructions/remarks for each interview. After the interviews, the committee will make the final recommendation, which will be forwarded to the Board of Trustees for approval at their March 14, 2011 meeting.

**Recommendation:** (specify if information only) Staff recommends that the Audit and Finance Committee select the audit firm to be forwarded to the Board of Trustees for approval.

Submitted by:	Kevin McElroy
Additional contact names:	Hector Quinonez
Is backup provided?	Yes

# Foothill-De Anza Community College District

## Request for Proposal No. 1307 Independent Audit Services

The Audit and Finance Committee of the Board of Trustees of Foothill-De Anza Community College District is initiating a process for the selection of an independent certified public accounting firm for the purpose of performing the annual financial audits for fiscal years ending June 30, 2011, June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015. As part of this process, we are requesting written responses to Request For Proposal (RFP) No. 1307.

The District's intent is to enter into a series of one-year contracts for a period of five years, subject to satisfactory performance.

Notwithstanding other provisions of this RFP, certified public accounting firms are hereby advised that this RFP is an informal solicitation of proposals only. It is not intended, nor is it to be construed, as engaging in formal competitive bidding pursuant to any statute, ordinance, policy or regulation.

**There is a Pre-proposal Question and Answer Session scheduled for Tuesday, December 14, 2010 at 1:30 p.m. in the District Board Room.** Please confirm your attendance by December 10, 2010 with the District Controller at [quinonezhector@fhda.edu](mailto:quinonezhector@fhda.edu).

Proposals must be received in the office of the Vice Chancellor of Business Services at the following address:

Kevin McElroy, Vice Chancellor of Business Services  
Foothill-De Anza Community College District  
12345 El Monte Road  
Los Altos Hills, CA 94022

Proposals are due by 4:00 p.m. January 5, 2011.

Late proposals will be rejected. It is the responsibility of the submitting firm to make sure the proposal is delivered to the specified location by the date and time specified above.

Proposals must be sealed with the envelopes clearly marked in the lower left hand corner "Sealed Proposal for Independent Audit Services RFP No. 1307."

Emailed or faxed proposals are not acceptable.

Complete, sign, and return the original and four (4) copies.

Please e-mail all questions regarding this proposal to Hector Quinonez, Controller at [quinonezhector@fhda.edu](mailto:quinonezhector@fhda.edu), with a copy to [mcelroykevin@fhda.edu](mailto:mcelroykevin@fhda.edu), by December 16, 2010. Include in the "Subject" header of the e-mail, "Independent Audit Services RFP No. 1307."

This RFP does not commit the district to award a contract or to pay any costs incurred in the preparation of any proposal responsive to this request. The District reserves the right to accept all or part of any proposal or to cancel in part or in its entirety this RFP. The District further reserves the right to accept the proposal that it considers to be in the best interest of the District. While price is a consideration, the District reserves the right to award a contract on the basis of its overall evaluation.

It is the policy of the District that no person or firm shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in the award and performance of any District contract on the grounds of race, ethnicity, creed, religion, color, national origin, age, sex, or sexual orientation.

1. Mandatory Requirements

A proposal will not be considered unless the Auditor submitting the proposal meets the following criteria:

- 1.1.The Auditor must be a properly licensed certified public accounting firm.
- 1.2.The Auditor must certify that the audits will be performed in accordance with the highest standards of the accounting profession following the principles found in generally accepted auditing standards, generally accepted accounting principles, guidelines issued in the California Community Colleges Budget and Accounting Manual, and standards for audit of governmental organizations, programs, activities, and functions as specified by the General Accounting Office (GAO).
- 1.3. The Auditor must have a record of quality work.

2. Background Information

Foothill-De Anza Community College District is a political subdivision of the State of California. The District’s operations consist principally of providing educational services to the local residents of the District. The District is classified as a governmental instrumentality under Internal Revenue Code Section 115 and as a charitable organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from Federal taxes.

The District is a multi-college district with approximately 37,000 Full Time Equivalent Students. It is comprised of two colleges, Foothill College and De Anza College, operating at the following main campus locations:

<u>College</u>	<u>Location</u>
Foothill College	12345 El Monte Road Los Altos Hills, CA 94022
De Anza College	21250 Stevens Creek Blvd. Cupertino, CA 95014

<u>Employee Groups</u>	<u>Number</u>
Faculty (full-time)	503

Faculty (part-time)	875
Administrators	85
Classified Staff	648
Hourly (temps & students)	1039

Administrative Systems: SunGard Banner higher education integrated administrative system.

The District is fiscally independent. The general fund operating budget for fiscal year 2010-11 is \$228 million. Total district assets at June 30, 2010 for all funds were \$711 million. The District's 2010-11 Adopted Budget Summary, 2009-10 CCFS-311, and 2008-09 Audited Financial Statements are available for viewing at <http://business.fhda.edu/finance/financialreports>.

The Foothill-De Anza Community Colleges Foundation, a nonprofit, tax-exempt organization, is a component unit of the District. Its total assets at June 30, 2010 were \$26 million. Total expenses for the fiscal year ended June 30, 2010 were \$5 million.

The California History Center Foundation is a nonprofit, tax-exempt organization dedicated to the advancement of the humanities, history, education, sciences, and the arts. Its total assets at June 30, 2010 were \$ 818,000. Total expenses for the fiscal year ended June 30, 2010 were \$178,400, which includes \$110,400 in donated services/facilities.

### 3. Information and General Conditions

#### 3.1 Definitions

The term District as used in these terms shall be construed to include the Foothill-De Anza Community College District and all employees, officers, and agents of the Foothill-De Anza Community College District.

The term accounting firm as used in these clauses shall be construed to include the certified public accounting firm and all employees, officers, and agents of said accounting firm.

#### 3.2 Signature

The proposal must be signed in the name of the accounting firm and must bear the signature of the person authorized to sign proposals on behalf of the accounting firm.

#### 3.3 Award of Contract

If the contract is awarded, it will be to the responsible accounting firm whose proposal is deemed by the District to be the best proposal and whose proposal best meets the needs of the District. Written notification will be made to unsuccessful accounting firms.

Following the selection of the apparent successful accounting firm, the District will enter into negotiations regarding provisions of the Agreement. If a satisfactory contract cannot be negotiated, the District may, in its sole discretion, begin contract negotiations with another accounting firm and terminate negotiations with the originally selected accounting firm.

#### 3.4 Supplemental Compensation and Additional Services

If in the course of the audit the accounting firm finds any unusual item or circumstance that, in their view, warrants an immediate detailed investigation, the same will be reported in writing to the Vice Chancellor of Business Services. If in the opinion of the Vice Chancellor, a more detailed verification is required than that which would be required under ordinary circumstances, a written authorization will be provided to the accounting firm by the Vice Chancellor.

If additional services are required and authorized, the Agreement will be amended to reflect the additional services and supplemental compensation shall be at the hourly rates applicable for the then current engagement year. If the additional work is not authorized by the Vice Chancellor, the audit will be performed only as far as the work is authorized and may include an explanation regarding the circumstances involved.

### 3.5 Independent Contractor

While performing services pursuant to an Agreement with the District, the accounting firm is an independent contractor and not an employee, officer, or agent of the District.

### 3.6 Assignment of Contract

Any disputes shall be resolved through binding arbitration pursuant to California Code of Civil Procedure section 1280 et seq., with non-prevailing party to pay the arbitrator's fees, but with each side otherwise to bear its own costs and fees.

## 4. Statement of Work

### 4.1 Scope of the Audit Services

Certified public accounting firms shall submit a proposal to provide the District with audit services for a period not to exceed five (5) years. Said services shall include an audit of all funds of the District, an audit of the Foothill-De Anza Community Colleges Foundation (a component unit), an audit of the California History Center Foundation (a non-profit, tax-exempt organization), and a financial audit and performance audit of the Measure C General Obligation Bond Program. The selected firm shall enter into a one-year contract with the District, however, the District reserves the right to contract with the firm for up to 4 additional one-year periods in accordance with the agreed upon prices, terms, and conditions.

### 4.2 Technical Standards

Examination of financial records, statements, and audits for compliance shall be made in accordance with generally accepted auditing standards and current GASB requirements as specified in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants; Office of Management and Budget Circular A-128 and A-133; Government Auditing Standards issued by the Comptroller General of the United States; the General Accounting Office's (GAO) Standards for Audit of Governmental Organizations' Programs, Activities, and Functions; and the standards specified in the California Community Colleges Contracted District Audit Manual.

The audit will also require knowledge of bond and debt compliance audit procedures and audit procedures to satisfy requirements of the State of California and the Internal Revenue Service for 501(c)(3) public entities.

All laws, regulations, and/or documents referred to herein shall be interpreted as the most current laws, regulations, and/or documents relating to audits as specified herein and shall automatically be updated by auditors as required.

#### 4.3 Work to be Done

- 4.3.1 Conduct comprehensive financial and compliance audits for the District as required by the State of California including, but not limited to, the General, Enterprise, Child Development, Financial Aid, Internal Service, Capital Projects, and Debt Service funds, the Foothill-De Anza Community Colleges Foundation, and the California History Center Foundation.
- 4.3.2 Attend such meetings with the Audit and Finance Committee as may be required. Report on any special areas of emphasis as requested by the Vice Chancellor of Business Services.
- 4.3.3 Prepare and submit a copy of preliminary audit findings to the District, prior to conducting the exit conference for each of the audits.
- 4.3.4 Conduct an exit conference with appropriate personnel at the District.
- 4.3.5 Attend such meetings with the Board of Trustees and with District staff as may be required during the audit.
- 4.3.6 Prepare written drafts relative to any audit findings and recommendations noted before concluding the field audit work, prior to the exit conferences.
- 4.3.7 Prepare the Return of Organization Exempt From Income Tax (Form 990) and the California Exempt Organization Annual Information Return (Form 199) for the Foothill-De Anza Community Colleges Foundation and the California History Center Foundation.

#### 4.4 Staffing

The accounting firm shall assign professional staff as appropriate to conduct the audits. The District Controller shall coordinate the activities of the accounting firm and shall be the liaison between the accounting firm and the District. Supervising staff of the accounting firm shall be Certified Public Accountants currently licensed in the State of California. The accounting firm is responsible for the assignment of personnel and shall keep a current Project Organization Chart that indicates the specific personnel assigned to each aspect of the engagement. This document shall be filed with the District Controller prior to commencement of the field audit work.

#### 4.5 Statements and Reports

Reports of examination of financial statements must state the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards and must include an opinion as to whether the statements conform to generally accepted accounting principles. Reports of compliance must include a statement that the examination was conducted in accordance with applicable auditing standards. The audit report must state whether the examination disclosed instances of significant noncompliance with laws and regulations. Findings of non-compliance or ineligible

expenditures must be presented in enough detail for management of the District to be able to understand the findings and implement corrective action.

The accounting firm shall provide eighty (80) bound copies of the District audit report to the Vice Chancellor of Business Services, in addition to an electronic (PDF format) copy. Also, the Auditor shall provide fifty (50) bound copies of the Foothill-De Anza Community Colleges Foundation audit report, along with an electronic copy, thirty (30) bound copies of the California History Center Foundation audit report, along with an electronic copy, and fifty (50) copies of the Measure C performance audit report, along with an electronic copy, no later than November 10 of each year.

The accounting firm shall file copies of the audit reports with Federal and State agencies, as required.

#### 4.6 Management Letter

A separate management letter shall be prepared and submitted for each audit. The management letter shall include a statement of findings and recommendations affecting the financial statements, internal controls, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material information.

Prior to the submission of the final draft of the management letters, the accounting firm shall meet with the appropriate management and staff of the District to discuss and review the findings.

#### 4.7 Working Papers

The accounting firm shall provide the Vice Chancellor of Business Services with a copy of the recommended adjusting detail entries. The accounting firm shall retain working papers for a period of three (3) years, unless otherwise specified by the District. Such working papers shall be available for review and audit by District staff, representatives of the Federal and/or State governments and other individuals designated by the District.

#### 4.8 Resources to be Provided by the District

##### 4.8.1 Prior Years' Records

Copies of prior years' financial statements, budgets and copies of prior years' audit reports are available in the District Business Office. Perry-Smith LLP has performed the prior year audits since 1992.

##### 4.8.2 Staff Assistance

The District shall assign appropriate staff to assist the accounting firm by providing required information and explanations. The accounting firm is to identify in its engagement letter the level of District staff assistance anticipated.

##### 4.8.3 Working Space

The District shall provide the accounting firm with working space for the audit staff. Requests for space shall be directed to the District Controller. The request shall include an

estimate of the amount of space needed, special telecommunications needs, and the time period the space will be required.

## 5. Proposal Response Requirements

Proposals shall include in the following order:

### 5.1 All RFP Amendments

The most recent RFP Amendment shall be on top of the Proposal.

### 5.2 Title Page

Indicate “Foothill-De Anza Community College District, Independent Audit Services,” the name of the firm, local address, the name of the firm’s contact person for the purposes of this RFP, the telephone number of the contact person, and the date.

### 5.3 Table of Contents

Include a clear identification of the material included in the firm’s response by section and by page number.

### 5.4 Letter of Transmittal

Summarize your understanding of the work to be performed and explain why you believe your firm is best qualified to conduct the District’s audit engagement. Indicate the names of the persons who will be authorized to make representations on the part of the accounting firm including their titles and telephone numbers. The person authorized to execute the contract on the part of the accounting firm must sign the transmittal letter.

### 5.5 Profile of Auditor

5.5.1 State whether the firm is local, regional, national, or international.

5.5.2 State the size, location, history, range of services, and major clients of the office from which the work will be done if the firm is awarded the contract. Include the number of partners, managers, seniors, supervisors, and other professional staff employed at this office.

5.5.3 Describe the range of experience that the firm has in performing audits for K-12 and community college districts.

5.5.4 Provide a general description of the firm’s approach to the audit, including a proposed audit time schedule.

5.5.5 Describe the range of activities performed by the office from which the work will be done (i.e., auditing, tax, accounting, management services).

5.5.6 Provide an overview of the firm’s capabilities and past-experience in auditing public 501(c)(3) college or university foundations and in preparing the required Federal and State tax returns.

- 5.5.7 Discuss this office's experience in auditing computerized systems, including the number and classifications of personnel skilled in computer related audit services.
- 5.5.8 Provide a listing of publications of the firm relative to higher education.
- 5.5.9 Describe the firm's knowledge and experience in audits involving GASB 34/35, financial aid, federal grants, contracts, and OMB Circular A-133 audits.

#### 5.6 Auditor's Staffing and Qualifications

- 5.6.1 Indicate the name and position of the person who will manage the audit services as specified in this RFP. Provide a brief resume of the manager's background, training, and experience. Specifically discuss the manager's experience in managing audits of the size and scope of the audit as specified herein.
- 5.6.2 Indicate the names of the supervising accountants who will be assigned to the audits. Include copies of their resumes.
- 5.6.3 Provide a list of the levels, titles, licenses, and a copy of the resumes of other accountants who will be assigned to perform services under the contract. Include a job description that describes the types of experience, background, and training required for each of the classifications proposed.

#### 5.7 Conflict of Interest

- 5.7.1 Disclose any personal or business relationship your firm has with the District, or with any of the Board Members or officers of the District.
- 5.7.2 Describe any current litigation or professional disciplinary action taken against your firm in the past two years in California relative to K-14 school audits.

#### 5.8 References

- 5.8.1 Provide a list of K-14 clients for whom the firm has provided auditing services in the past 2 years. Indicate the scope of the audits performed for each of the referenced clients. Include the name of the client, address, telephone, and name of each client's manager performing the role of controller.
- 5.8.2 As samples, provide copies of four audit reports in the recent two years, preferably audit reports prepared for community college districts.

#### 5.9 Cost of Services

State the maximum annual cost for the District audit, the Foothill-De Anza Community Colleges Foundation audit, the California History Center Foundation audit, and the Measure C General Obligation Bond financial and performance audits, for the first year of service and for each of the four (4) years thereafter. Costs as specified in this section shall be based upon the scope of the work as specified herein. Identify separately the maximum annual cost of reimbursable expenses (travel, administrative, printing, etc.) for each of the

audit years. It is understood that if the scope of the work is increased and/or decreased, the maximum costs as proposed will be adjusted upwards and/or downwards as appropriate. Submit supporting data for the maximum cost of the audit services. Include the number of staff to be assigned, by level and job title, the estimated maximum number of hours each of the staff will be assigned, and the hourly rate applicable to each level of staff assigned.

#### 5.10 Additional Information

The preceding sections shall contain only the information requested. If the accounting firm desires to present additional information, such additional information shall be presented in this section of the RFP. If there is no additional information present, indicate, "There is no additional information to present."

### 6. Evaluation and Award of Proposals

#### 6.1 Evaluation Criteria

Evaluation criteria will include but not be limited to the experience of the accounting firm in performing audits for community colleges, the experience of the manager who will be responsible for the audits, the professional staff available locally to perform the service, the reputation of the firm, the cost to perform the service, the availability of the firm to perform the work within a specified time period, and any other criteria the District feels is appropriate.

#### 6.2 Award Process

The steps in the award process are as follows:

- a. The District will mail out the Request for Proposal (RFP) on November 15, 2010.
- b. The District will hold a Pre-proposal Question and Answer Session on Tuesday, December 14, 2010 in the District Boardroom from 1:30 p.m. to 3:00 p.m. Confirm your attendance by December 10, 2010 with the District Controller at [quinonezhector@fhda.edu](mailto:quinonezhector@fhda.edu). This is the time for interested accounting firms to come in and get their questions answered prior to submission of their proposals.
- c. The proposals are due in to the office of the Vice Chancellor of Business Services by 4:00 p.m. on January 5, 2011.
- d. The Vice Chancellor of Business Services will screen the proposals by January 20, 2011, based on the evaluation criteria stated above in section 6.1, and he will select the finalists that are to be forwarded to the Audit and Finance Committee.
- e. The Audit and Finance Committee will interview the finalists at the March 3, 2011 Audit and Finance Committee meeting and make the final selection.
- f. The recommendation of the Audit and Finance Committee will be presented to the Board of Trustees for approval at the March 14, 2011 Board meeting.

Foothill-De Anza Community College District  
RFP No. 1307, Independent Audit Services  
Pre-Proposal Question and Answer Session  
Meeting Notes  
December 14, 2010

The following CPA firms attended the session:

Grant Thornton  
Matsom and Isom  
Moss Adams  
Perry-Smith LLP  
Vargas and Company

After brief introductions, the Controller, Hector Quinonez, went over each of the following agenda items in detail:

1. Audit Timeline
2. Measure C Overview
3. Overview of RFP and Financial Reports
  - a. RFP No. 1307
  - b. District Audit Report
  - c. Measure C Performance Audit
  - d. CCFS-311 Report
  - e. Adopted Budget

In addition, the selection and award process was explained.

This meeting provided an opportunity for certified public accounting firms to ask questions. The following are the questions that were asked during this Question & Answer (Q&A) session:

Question 1: Does the Audit & Finance Committee and the Board review the final audit report with the auditors?

Answer: The auditors are invited to the Audit & Finance Committee meeting and to the Board meeting to present the audit report. This is an opportunity for the auditors to speak directly to the Audit & Finance Committee and to the Board, and to answer any questions they may have.

Question 2: Is there only one Audit report for the District and the Foundation?

Answer: The Foothill-De Anza Community Colleges Foundation is presented discreetly in the District audit report. A separate Foundation report is also prepared. Separate Measure C financial and performance audit reports are also required. The California History Center Foundation is not a component unit and requires a separate audit report.

Question 3: What are the logistics of the actual audit performance; is most of the work performed in the District office?

Answer: During the interim phase of the audit, the auditors work out of either Foothill College or De Anza College; they rotate between campuses each year. The year-end audit test work is done principally at district accounting.

Question 4: Is Financial Aid centralized?

Answer: No, each college has a separate Financial Aid Office.

Question 5: Who manages the Prepared by Client (PBC)?

Answer: The controller assigns each item to a responsible person. The process is managed out to the Controller's Office. Audit findings are reviewed and discussed initially with the Controller and the Vice Chancellor of Business Services.

No much inconsistency pretty stable around here

311 report out of Hector's office signed by Kevin send to State numbers will tie in with budget report.

Question 6: Is Banner set up in a format to facilitate preparation of the CCFS-311 report?

Answer: Yes, even though fiscal year 2009-10 is our first year under Banner, we were able to generate the necessary information in order to complete the CCFS-311 report, as required, and we received a clean audit opinion. We also now have the Argos reporting tool, which will provide additional reporting capabilities.

Question 7: Does the District prepare the GASB required financial statements, or are they prepared by the Auditors?

Answer: It is the District's responsibility to prepare the financial statements, but we work closely with auditors, especially when any new GASB statements are issued. We like to maintain an open line of communication with the auditors.

Question 8: Who prepares the GASB entries?

Answer: They are prepared by the District Chief Accountant.

Question 9: Who prepares the Schedule of Expenditures for Federal and State Awards?

Answer: They are prepared by the District Grants Monitor.

Question 10: Is it typical to have many State and Federal programs?

Answer: Yes, we have many categorical programs, but the funding for next year should be less.

Question 11: Do you have an internal auditor?

Answer: No, we don't currently have an internal audit position. The Vice Chancellor of Business Services and the Controller share and oversee internal audit functions. The district has a \$40K budget to contract a CPA firm to perform operational/performance audits. The operational/performance audits are coordinated with and reviewed by the Audit & Finance Committee.

Question 12: Do you have significant turnover?

Answer: No, we have very little turnover on the accounting side, both at the district and campus level.

Question 13: How many auditors so you have in the field during the audit?

Answer: We anticipate to have anywhere from 4 to 7 auditors during interim and at year-end.

Question 14: Does the Foundation have a separate board?

Answer: Yes. They also have a separate Audit & Finance Committee that includes CPA's and very experience finance people.

Question 15: Do you like to meet prior to and after completion of the Foundation audit?

Answer: We don't necessarily need to meet prior to commencement of the audit engagement. Only if there are audit findings will we need to meet separately prior to completion of the audit with the Foundation staff. The audit report does not need to be presented separately to the Foundation Board.

Question 16: Does the same person that manages fixed assets manage the Bond fixed assets?

Answer: The Measure C Accounting supervisor oversees accounting for fixed assets district-wide. We plan to implement the Banner fixed assets module sometime in fiscal year 2011-12. Most of the fixed assets that we currently purchase are through the Measure C bond program. We use software (Prompt) provided by our construction management to manage the bond costs for construction and furniture and equipment. We reconcile the Prompt financial information with our Banner system, monthly.

Question 17: Are there any other modules plan to acquire?

Answer: Yes. We plan to implement the BDMS module next year, which will allow us to move and share information electronically.

Question 18: Do you classify PELL grant revenues as Operating or Non-operating?

Answer: Operating

Question 19: We were asked to comment on the restatement.

Answer: The reinstatement adjusts beginning net assets to reflect actual GO bond interest expense incurred related to prior periods.

Question 20: Does the Foundation have a separate chart of accounts?

Answer: We use one chart of accounts in Banner for all district-wide entities. The Foundation GL is maintained in Banner. The Bookstore maintains their GL in a separate system in order to track their retail inventory, but we also maintain a fund in Banner for all enterprise funds, such as the Bookstore.

Question 21: Who coordinates the Foundation PBC list?

Answer: The PBC list for the Foundation is coordinated with the Controller.

Question 22: Are the Foundation financials available online?

Answer: Yes, they are discretely presented in the District audit report.

Question 23: Do you have outsourced services?

Answer: Yes, we outsource the Foothill College Food Services.

Question 24: Do you have Summer Pell?

Answer: Yes, we have had that for a while since we are on a quarter system.

Question 25: In the RFP (section 5.8.2) you ask for four copies of audit reports. Does this mean copies of four separate audit reports or four copies of one audit report?

Answer: We are asking to receive copies four separate and distinct prior audit reports.

Foothill-De Anza Community College District  
Evaluation Summary Sheet  
Proposals for Independent Audit Services, RFP No. 1307  
For Audit Services Beginning in Fiscal Year 2010-11

<u>Evaluation Criteria</u>	<u>Matson and Isom</u>	<u>Perry-Smith LLP</u>	<u>Vavrinek, Trine, Day &amp; Co., LLP</u>
Attendance at Pre-proposal Question and Answer Session	Yes	Yes	No
Proposal Received at District by Due Date	Yes	Yes	Yes
Proposal Sealed and Properly Labeled	Yes	Yes	Yes
Scope of Work in Agreement with that in the RFP	Yes	Yes	Yes
Partner Who Will Manage the Audit Engagement	Bryce E. Gibbs	Tina M. Treis	Terri A. Montgomery
Location of Office From Which the Work Will be Performed	Chico, CA	Sacramento, CA	Pleasanton, CA
CPA Firm - local, regional, national, or international	Regional	Regional	Regional
Experience in Audits of K-12 and Community College Districts	42 Years	26 Years	Over 60 Years
Range of Services Performed By Office Where Work Will be Done	Full Service Accounting, Audit, Tax, Management Consulting, and Related Services	Audit, Tax, and Management Consulting	Audit, review, compilation, other accounting services, tax and consulting services.
Number of Partners, Managers, and Other Staff at this Office	17 Partners, 9 Senior Managers, 9 Managers, 15 Seniors, and 13 Staff	15 Partners, 25 Senior Vice Presidents and Vice Presidents, and 80 staff. One office is Sacramento and another office in San Francisco.	Pleasanton Office - 4 Partners, 4 Managers and 14 Professional Staff, Also Supported by Staff in Palo Alto and Rancho Cucamonga
Proposal Includes Audit Approach and Timeline	Yes	Yes	Yes
Experience in Audits of 501©(3)'s and Prep. of Related Tax Returns	Yes	Yes	Yes
Experience in Auditing Computerized Systems	Yes	Yes	Yes
Number of Personnel Skilled in Computer Related Audit Services	Not Explicitly Stated	Not Explicitly Stated	Not Explicitly Stated
Listing of Firm's Publications Relative to Higher Ed	Not Provided	Not Provided	Not Provided
Knowledge and Experience in Audits Involving GASB 34/35, Financial Aid, Federal Grants, Contracts, and OMB Circular A-133	Yes	Yes	Yes
Resumes Included of Those Who Will Manage the Audit	Yes	Yes	Yes
Names of Supervisors Included Along with Resumes	Yes	Yes	Yes
Listing of Other Accountants Assigned to the Audit, Including Levels, Titles, Licenses, and Resumes	Included resumes of the two audit seniors.	Not Provided	Not Provided
Disclosure of Any Conflict of Interest	They are independent of the District.	They are independent of the District.	They are independent of the District.
Description of Recent Disciplinary Action Taken Against the Firm	No complaint ever issued by the State Board of Accountancy.	Not currently subject to any professional disciplinary action.	Not specifically stated.
Included Recent References of K-14 clients	Yes	Yes	Yes
Provided Copies of Recent Audit Reports	Yes	Yes	Yes
Maximum Annual Cost of Audit and Tax Services - Year 1 Admin - travel, etc	\$87,000 Not listed separately.	\$150,000 \$5,000	\$152,500 Not listed separately.

Foothill-De Anza Community College District  
Audit & Finance Committee  
Interview Questions  
Re. Request for Proposal No. 1307  
Independent Audit Services

Here are questions that the Audit & Finance Committee could use in interviewing the certified public accounting firms on March 3, 2011. Due to the limited time for the interviews, 30 minutes per interview, the committee may wish to select a maximum of 3 to 4 questions.

1. We read your proposal. Regarding the specific team assigned to the audit engagement, how many years of experience do they have performing audits of community college districts and/or K-12? Which school districts have you specifically audited?
2. Given the size of our District, what are the challenges you might anticipate for this audit?
3. Based on your audit experience, what types of things lead to difficult audits?
4. What audit tools will you use when auditing our financial systems?
5. In performing audits of community college and K-12 districts, have you reported to an Audit & Finance Committee, or a similar type of committee? How would you view that relationship different from reporting to the Chief Business Officer?
6. Based on your experience with similar type audits, what situations tend to lead to increases in the audit fees beyond the amount specified in your proposal?