REQUEST FOR QUALIFICATIONS (RFQ)

External Auditor: Annual Financial Audit and Expanded Programmatic Audit

Three-Year Engagement: Fiscal Years 2025–26, 2026–27, and 2027–28

RFQ No. CPA-2026

Introduction

The First 5 Lake County Commission, hereinafter referred to as the "Commission," is seeking qualifications from an independent certified public accountant (CPA) or CPA firm to serve as its external auditor. The selected auditor will conduct an annual audit of the Commission's financial records, policies, and procedures in accordance with generally accepted accounting principles (GAAP) for governmental entities and Government Auditing Standards (GAGAS).

In addition to the financial audit, the auditor will perform an annual review of, and comment on, the Commission's state-required programmatic and administrative policies and practices, commonly referred to as the "expanded audit," in accordance with California Health and Safety Code sections 130150 and 130151 and the expanded-audit guidelines issued by the California State Controller's Office (SCO). Prior audit reports are available for review on the Commission's website (www.firstfivelake.org).

The First 5 Lake County Commission was established following California voter approval of Proposition 10 (the California Children and Families Act of 1998). Proposition 10 funds programs and services that promote the early development of children from the prenatal stage through five years of age. County commissions take one of two forms: a legal public entity separate from the county, or an agency of the county with independent authority over its strategic plan and local trust fund. The Commission is organized as the latter. For the Commission, the County Treasurer receives all funds and the County Auditor-Controller issues all payments and maintains the Commission's official financial records in accordance with the County's established policies and procedures. Commission staff maintain financial control records used to provide the Commission with financial reports comprised of a balance sheet and income statement.

The Commission operates on a fiscal year of July 1 – June 30. Under Proposition 10 (Health and Safety Code section 130150) and the guidelines issued by the State Controller's Office, the annual financial audit and expanded audit must be submitted to the State Controller's Office on or before November 1 following the end of the fiscal year. To allow the Commission adequate time to review, approve, and request any necessary edits, and to meet the November 1 statutory deadline, the final reports must be delivered to the Commission no later than October 15 of each year. The Commission's audit must be reviewed and approved by the Commission following a public hearing. The Commission has a regular meeting schedule on the fourth Wednesday of October.

It is the intent of the Commission to enter into a three-year agreement, covering Fiscal Years 2025–26, 2026–27, and 2027–28, with the successful applicant, subject to the applicant's satisfactory performance in each preceding year and to the annual availability of funds.

Application Timeline

The anticipated schedule for this RFQ is set forth below. The Commission reserves the right to modify this schedule as needed and will communicate any changes by email to all parties that have submitted inquiries.

RFQ Release Date	July 1, 2026
RFQ Submission Deadline	August 14, 2026, 5:00 p.m. PST
Tentative Recommendation to Commission	August 26, 2026
Annual Reports Due to Commission (each year)	On or before October 15
Annual Submission to State Controller's Office	On or before November 1 (H&S Code § 130150)

There will be no pre-qualification conference.

Submit applications, and direct all inquiries regarding this RFQ, via email to:

First 5 Lake County
Samantha Bond
Executive Director
sbond.first5@lakecountyca.gov

All inquiries regarding this RFQ must be submitted via email to the address listed above. Responses to inquiries, and any amendments or other communications regarding this RFQ, will be issued by email to all parties that have submitted inquiries. Applicants are responsible for ensuring their contact information is accurate at the time of inquiry.

Applicant Eligibility

This RFQ is open to individuals and to public, non-profit, private, and proprietary business entities currently licensed and practicing as a CPA in the State of California. Before the award of any contract, applicants may be required to demonstrate, to the complete satisfaction of the Commission, the ability (including financial resources) necessary to provide the required services in a satisfactory manner.

The Commission may make any reasonable investigations it deems necessary and proper to determine the ability of an applicant to perform the work, and the applicant shall furnish to the Commission all information requested for this purpose. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, the applicant fails to satisfy the Commission that the applicant is properly qualified to carry out the obligations of the contract and to complete the work described.

Minimum Auditor Qualifications

The successful applicant will possess the following minimum qualifications:

- An individual or firm holding a current, valid license to practice as a Certified Public Accountant in the State of California.
- At least three (3) years of recent experience conducting financial audits, including at least six (6) audits performed for governmental jurisdictions (which may include special districts).
- Demonstrated capacity and willingness to perform the expanded audit in accordance with the guidelines prepared by the California State Controller's Office.
- Independence with respect to the Commission, in both fact and appearance, in accordance with the AICPA Code of Professional Conduct and Government Auditing Standards.
- A current and satisfactory peer review (system review) report, as required for firms performing audits under Government Auditing Standards.
- Demonstrated report-writing capability.
- A demonstrated record of meeting deadlines.
- A demonstrated, competitive fee schedule.

Statutory and Regulatory Framework

The successful applicant must be knowledgeable of, and conduct the engagement in conformity with, the following laws, regulations, standards, and guidelines, as each may be amended from time to time:

California Children and Families Act (Proposition 10)

California Health and Safety Code, Division 108 (commencing with §130100): the California Children and Families Act of 1998, which establishes county children and families commissions (aka First 5 County Commissions) and governs the use of trust fund money.

- **CA Health & Safety Code §130140 / 130140.1:** county commission establishment, the required county ordinance, adoption of an annual audit requirement, the strategic plan, and the policies and procedures (contracting/procurement, conflict of interest, administrative costs, salaries and benefits) that the expanded audit must review.
- **CA Health & Safety Code §130150:** "Audit and Report." Requires each county commission to conduct an annual audit and issue a written report on the implementation and performance of its functions, including the manner in which funds were expended and progress toward program goals and objectives.
- **CA Health & Safety Code §130151:** "Guidelines for Expanded Annual Audits." Directs the State Controller's Office to issue guidelines for the expanded audit and defines its required scope (see

"Scope of Work" below). Establishes the submission of the audit to the State Controller's Office, the public hearing within two months of receipt, and the Commission's response to findings within two weeks of that hearing.

- **CA Revenue and Taxation Code §30131–30131.6:** creation and funding of the California Children and Families Trust Fund and the supplantation prohibition (funds must supplement, not supplant, existing levels of service).

Auditing and Accounting Standards

- **Generally Accepted Accounting Principles (GAAP) for governmental entities** as promulgated by the Governmental Accounting Standards Board (GASB), and consistent with the guidance in Governmental Accounting, Auditing, and Financial Reporting (GAAFR) published by the Government Finance Officers Association (GFOA).
- **Generally Accepted Auditing Standards (GAAS)** as issued by the American Institute of Certified Public Accountants (AICPA).
- **Government Auditing Standards (GAGAS)** issued by the Comptroller General of the United States (U.S. Government Accountability Office).
- **Uniform Guidance (2 CFR Part 200), including the Single Audit requirements,** to the extent the Commission expends federal awards at or above the single-audit threshold in any fiscal year covered by this engagement.

State Controller's Office Guidance

- **California State Controller's Office (SCO) expanded-audit guidelines** issued pursuant to CA Health & Safety Code §130151, including the associated quality-control functions and the standard audit program for local First 5 commissions.
- **The Commission's own governing documents,** including its enabling ordinance, bylaws, long-range financial plan, and adopted administrative and financial policies.

Scope of Work

The scope of work to be performed by the auditor includes, without limitation, the following:

A. Annual Financial Audit

- Conduct an audit of the Commission's official financial books and records in accordance with GAAP for governmental entities and Government Auditing Standards (GAGAS).
- Prepare an annual financial report that includes, at a minimum: an independent auditor's report; Management's Discussion and Analysis (MD&A); the basic financial statements; notes to the basic financial statements; required supplementary information (RSI); and any other reports and schedules required by applicable standards.
- Issue the reports on internal control over financial reporting and on compliance required under Government Auditing Standards, and communicate any deficiencies, significant deficiencies, or material weaknesses identified.
- Perform a Single Audit in accordance with 2 CFR Part 200, Subpart F, in any fiscal year in which the Commission expends federal awards at or above the applicable threshold.

B. Expanded Programmatic and Administrative Audit

Perform the expanded audit in accordance with CA Health & Safety Code §130150 and 130151 and the guidelines issued by the State Controller's Office. The audit shall review the Commission's policies and practices with respect to each of the following statutorily required elements:

1. Contracting and procurement policies: whether they are in place, whether the Commission is operating in accordance with them, and whether they ensure grants and contracts are consistent with the Commission's strategic plan.
2. Administrative costs: whether the Commission's definitions comply with the State Controller's Office guidelines and whether a process is in place to monitor these costs.
3. Conflict-of-interest: policies and procedures designed to assure compliance with all applicable state and local conflict-of-interest statutes and regulations.
4. Commission ordinance adherence: policies and practices designed to assure the Commission adheres to its enabling ordinance.
5. Long-range financial plan: whether the plan exists and has been formally adopted by the Commission in a public hearing.
6. Financial condition of the Commission.
7. Program evaluation: the amount the Commission spends on program evaluation and the documented results of those expenditures.
8. Salaries and benefit policies: whether employee salaries and benefits comply with the policies the Commission adopted.

The expanded audit report shall include a review of each legislatively mandated policy and/or practice for local First 5 commissions, an assessment of the extent to which each policy or practice conforms to state mandates, and a recommendation on how to improve compliance where required.

C. Deliverables, Submission, and Timing

- Prepare a draft of each report for review by Commission staff prior to completion of the final reports.
- Deliver the final financial audit and expanded audit reports to the Commission no later than **October 15** of each year, to allow the Commission time to review, approve, and request any necessary edits, and to meet the **November 1** submission deadline to the State Controller's Office.
- Submit each audit report, upon completion, to the State Controller's Office as required by CA Health & Safety Code §130151, with a copy provided to the Commission.
- Attend and present at the Commission's public hearing on the audit, and assist the Commission in preparing its written response to any audit findings within the statutory timeframe (within two weeks of the public hearing).
- Provide the final reports in a bound format. Provide one (1) original plus electronic copies (PDF), and up to eleven (11) printed copies upon the Commission's request.

This list of activities may not be exhaustive. A well-qualified applicant may identify other activities believed to be essential to conducting the financial audit and/or program review. It should not be assumed that the financial audit and program review will be conducted concurrently.

Application Guidelines and Checklist

Cover Page

Applicants will submit a cover page that includes the following:

1. The name of the independent CPA or, if a firm, the names of the principals holding a current CPA license and the name(s) of the staff assigned to conduct the financial audit and the performance (expanded) review.
2. If a firm, a description of the firm (e.g., sole proprietorship, partnership, corporation).
3. The contract lead person, including name, mailing address, telephone, and email address.
4. The signature of the applicant(s) authorized to enter into a binding agreement.

Qualifications Questionnaire

Applicants must complete the attached Qualifications Questionnaire.

Format

Format your proposal as follows:

- 11-point font
- Standard 8½″ × 11″ paper
- 1½ line spacing
- 1″ top, bottom, and side margins
- Submit one (1) electronic copy (PDF); printed copies will be requested if needed
- 8-page limit for the Cover Page and completed questionnaire

Application Checklist

- ☐ Cover Page
- ☐ Qualifications Questionnaire
- ☐ Copy of the firm’s/applicant’s Tobacco, Alcohol, and Drug-Free policy with authorized signature
- ☐ Copy of the firm’s/applicant’s Tobacco-Free workplace policy with authorized signature
- ☐ Copy of current California CPA license(s)
- ☐ Copy of most recent peer review (system review) report
- ☐ Completed fee schedule

Review Process

The Executive Director and the Commission will evaluate all qualifications statements submitted and determine which are most qualified for further consideration. Following the review and evaluation, the Commission will make its final approval during a public hearing. Evaluation criteria will be based upon the “Minimum Auditor Qualifications” and “Scope of Work” sections of this RFQ.

The Commission will follow the principles of competitive negotiation during the review process; that is, cost and contractual terms are negotiable. In the event an application contains omissions, deletions, or incomplete information in response to the Application Checklist or other requirements of this RFQ, the Commission may elect, at its discretion, to reject the submittal.

Revisions and Addenda

The Commission reserves the right to restructure or otherwise adjust the RFQ as may seem appropriate to better represent its intent and goals. Funding decisions, amounts, and the duration of funding are within the purview of the Commission.

The Commission also reserves the right to amend, alter, or change the rules and conditions contained in this RFQ prior to the deadline for submission. Any revisions will be made through addenda or supplements that become part of the RFQ. The Commission will not be responsible for any other explanation or interpretation. All addenda will be issued by email to all parties that have submitted inquiries regarding this RFQ.

Rejection of Proposals

Issuance of this RFQ in no way constitutes a commitment by the Commission to award a contract. The Commission reserves the right to reject any or all qualifications statements received in response to this RFQ, or to cancel the RFQ, if it is deemed to be in the best interest of the public to do so.

Proposal Confidentiality

All submissions will be maintained as confidential until a recommendation is submitted to the Commission meeting agenda for awarding a contract. After that time, all submissions will become public record.

Contract Award

Following the Commission's selection, made in accordance with applicable government procurement policies and regulations and based on the application that represents the best overall fit of qualifications, experience, and cost, a contract will be awarded contingent upon successful negotiation. The successful applicant must agree to all terms and conditions of any resultant contract with the Commission as a condition of executing the contract. The Commission shall have no contractual or other obligation to an applicant until the contract has been approved and signed by both parties.

Appeal Process

The decision of the Commission is final and cannot be appealed. Applicants may present evidentiary statements to the Commission with respect to the Commission's recommendation(s), or may appeal to the Commission for reconsideration if it can be demonstrated that a procedural error occurred within the RFQ process.

Qualifications Questionnaire

RFQ – External Auditor

Please complete each response fully. Responses should be clear and concise. Submission must be no longer than eight (8) pages.

Firm Profile and Personnel

1. Provide a brief profile of the firm, including the number of years in business, the firm's structure (sole proprietorship, partnership, corporation), the office location that would service this engagement, and the total number of professional staff.
2. Identify the engagement partner and key staff who would be assigned to the financial audit and the expanded audit. For each, summarize their relevant governmental audit experience, professional certifications, and continuing professional education in governmental accounting and auditing.
3. Confirm that the firm and all assigned staff are independent of the Commission, in both fact and appearance, in accordance with the AICPA Code of Professional Conduct and Government Auditing Standards. Disclose any relationship that may pose an actual or perceived conflict of interest.
4. Provide the date and result of the firm's most recent external peer review (system review), and attach a copy of the peer review report (the peer review report does not count toward your page maximum). Disclose any disciplinary action taken against the firm or its principals by any regulatory body or professional organization within the past five (5) years.

Experience

5. Describe your experience conducting financial audits, with particular attention to audits performed for governmental jurisdictions, which may include counties, special districts, or local First 5 commissions.
6. Provide at least three (3) references from comparable governmental audit engagements performed within the last three (3) years. For each, include the client name, a contact person, telephone and email, the type of entity, and the years of service.
7. Describe your experience conducting policy and compliance reviews in accordance with independently established guidelines, and discuss any barriers encountered and the solutions employed to overcome them.

Audit Approach

8. Describe your proposed approach and work plan for the financial audit and the expanded audit, including methodology, the anticipated timeline, the level of staff support expected from the Commission, and how you would meet the October 15 delivery deadline to support the Commission's November 1 submission to the State Controller's Office.

9. Describe your experience implementing current and recent Governmental Accounting Standards Board (GASB) pronouncements, and how you keep clients informed of new reporting requirements.

Knowledge of Proposition 10 Requirements (Supplemental)

10. Discuss your knowledge of the California Health and Safety Code as it pertains to the programmatic and administrative requirements for local First 5 commissions (in particular sections 130140, 130150, and 130151), and the expanded-audit guidelines issued by the State Controller's Office. *(Supplemental question. Award of contract is not contingent upon a response. If "no experience or no knowledge," please so state.)*

Fee Schedule

11. Complete the following fee schedule for the three-year engagement:

	FY 2025–26	FY 2026–27	FY 2027–28	Total
Financial & Expanded Audit	$	$	$	$
Single Audit (if required)	$	$	$	$
Total	$	$	$	$

Please identify any out-of-scope services and applicable hourly rates that may apply if additional work is requested by the Commission.