

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



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INTERIM EXECUTIVE OFFICER

Arne Anselm

October 23, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600

SUBJECT: Approve Proposal and Authorize the Interim Executive Officer to Execute a Professional Services Contract for Professional Auditing Services – (New Item)

RECOMMENDATIONS: (1) Approve the proposal for Professional Auditing Services from Rogers, Anderson, Malody & Scott (RAMS), LLP, for the two-year fiscal cycle (July 1, 2022 - June 30, 2023, and July 1, 2023 – June 30, 2024) at a fee of \$42,718; (2) Authorize the Interim Executive Officer to execute a Professional Services Contract with RAMS, and (3) Allocate \$22,718 of Contingency Funds from the Fiscal Year 2024-25 Budget for the Biennial Audit.

BACKGROUND:

Audits of the Fox Canyon Groundwater Management Agency (FCGMA) are required by California Government Code § 26909¹. The Board established a biennial audit schedule at its September 25, 2013, meeting. The Agency's next biennial audit is due for Fiscal Years ended June 30, 2023, and June 30, 2024.

DISCUSSION:

Ventura County Public Works Agency – Central Services (PWA-CS) Fiscal, in consultation with the Ventura County Auditor-Controller's Office, prepared a request for proposal (RFP) for qualified certified public accountants (CPAs) soliciting their interest, qualification and proposals to provide the Agency with independent auditing services in response to the audit preparation specifications outlined in the RFP (attached as Exhibit 20A).

The RFP was sent to 29 CPA firms from a list of firms qualified and experienced to provide independent audit services maintained by the Office of the Ventura County Auditor-Controller, and from several referrals suggested by member agencies. PWA-CS Fiscal followed up with emails and phone calls to these firms. Of the responses received, 16 audit firms declined to propose due to staff capacity, retirement, or an already full schedule; 10 provided no response, and 3 submitted proposals via email. A table comparing the proposals and their elements follows below; also attached as prepared by PWA-CS Fiscal for reference is Exhibit 20B, a chart displaying a breakdown of each proposal and how it complies with RFP requirements.

¹ Audits are also required in accordance with *Government Auditing Standards*; see <https://www.gao.gov/products/gao-24-106786>

Proposal Comparison				Proposed Timing			
Firm	Type	Cost	Hours	Planning	Fieldwork	Reports	Firm Notes
Clifton Larson Allen LLP (CLA)	National, based in Irvine, CA	\$105,000	242	February	Feb-Mar	June	Entirely remote including Board presentation
Marcum, LLP	National Top 13, based in FL	\$86,000	260	October	Nov-Dec	January	Remote and requires significant IT involvement
Rogers, Anderson, Malody, & Scott, LLP (RAMS)	Local; based in San Bernadino, CA	Audit: \$35,375 <u>Optional:</u> Travel: \$4,500 Board Presentation: \$2,940 Total: \$42,718	169	April	April-May	May-June	FCGMA staff recommend RAMS proposal

Agency staff are committed to prepare with PWA-CS Fiscal ahead of the fieldwork phase to ensure requested documents and receivables samples are gathered and delivered effectively and in accordance with the selected firm’s proposed timeline.

Agency staff have carefully reviewed each proposal² and have met with Fiscal to discuss their thoughts. As shown in Exhibit 20B, the estimated hours for each firm proposal vary. We anticipate that under 200 hours will be needed from the selected firm to complete the project. The proposal from Rogers, Anderson, Malody, & Scott, LLP, of San Bernadino, California, attached as Exhibit 20C, is best qualified to meet the Agency’s needs in terms of cost, timeframe, and estimated hours.

The RAMS proposed not-to-exceed amount would total \$42,718 with travel and a presentation to the Board included. Should the Board prefer, the proposal includes an option of services for the audit, sans travel or presentation, that totals \$35,375. Staff notes that the proposed cost is more than the \$20,000 line item in the approved FCGMA FY 2024-25 Budget³, but that it is significantly less than costs proposed by the remaining proposals, as shown in the table above and linked in the footnotes to this Board letter.

Agency staff have drafted a professional services contract and exhibits for engaging RAMS to produce and deliver our biennial audit (attached as Exhibit 20D).

CONCLUSION:

Because RAMS has recent audit experience for similar entities and has submitted the proposal most suited to the Agency’s needs, staff recommends your Board approve the proposal for

² CLA Proposal: <https://fcgma.org/wp-content/uploads/2024/10/Fox-Canyon-GMA-CLA-Proposal-06.30.23-24.pdf>

Marcum Proposal: <https://fcgma.org/wp-content/uploads/2024/10/Marcum-Proposal-for-the-Fox-Canyon-Groundwater-Management-Agency.pdf>

³ FCGMA Fiscal Year 2024-25 Adopted Budget: <https://s42135.pcdn.co/wp-content/uploads/2024/09/Item-19C-FCGMA-FY-2024-25-Budget.pdf>

FCGMA Board Meeting
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professional auditing services by the firm Rogers, Anderson, Malody & Scott, LLP, and authorize the Agency Interim Executive Officer to execute a professional services contract with the firm.

Staff additionally requests that your Board allocate \$22,718 of contingency funds from the Fiscal Year 2024-25 Budget for the biennial audit.

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 654-3942.

Sincerely,

A handwritten signature in black ink, appearing to read 'Arne Anselm', with a long horizontal flourish extending to the right.

Arne Anselm
Interim Executive Officer

Attachments: Exhibit 20A – Request for Auditing Services Proposal
Exhibit 20B – Compliance with RFP Requirements
Exhibit 20C – RAMS Auditing Services Proposal, dated September 24, 2024
Exhibit 20D – DRAFT Audit Services Contract and Exhibits - RAMS