

MEMORANDUM

TO: Board of Trustees

THROUGH: Mike Bandelin
Interim General Manager

FROM: Bobby Magee
Interim Director of Finance

SUBJECT: Approval of a Contract with RubinBrown, LLP for Forensic Due Diligence Auditing Services as a Result of a Request for Proposal (RFP) Process

DATE: November 8, 2023

I. RECOMMENDATIONS

That the Board of Trustees make a motion to:

1. Approve the award of a contract with RubinBrown, LLP for Forensic Due Diligence Auditing Services; and,
2. Direct staff to work with the IVGID Treasurer and the Chair of the Audit Committee to develop the final scope of work for the contract; and,
3. Authorize the IVGID Treasurer to negotiate final terms and conditions, with related contract pricing; and,
4. Authorize the IVGID Interim General Manager to sign the contract upon completion of the contract as outlined in Recommendation #2 and #3; and,

II. DISTRICT STRATEGIC PLAN

This action supports Long Range Principle #2, Finance; *“The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial polices for operating budgets, fund balances, capital improvement and debt management.”*

- *Comply with State and Federal regulations.*
- *Develop and maintain a long term plan to sustain financial resources.*

III. BACKGROUND

Overview

On August 24, 2023 the Board of Trustees (Board) directed staff to develop an RFP for Forensic Auditing Services. (Item C.3) On September 27, 2023 the Board approved the Draft RFP and directed staff to finalize the document, with minor modifications, for release to the vendor community. (Item G.2) The RFP document that was released was used to communicate to interested and qualified firms the background and needs of IVGID with respect to the Forensic Due Diligence Audit, and related reports based on any findings or recommendations.

The RFP outlined the process for which the highest rated firm would be recommended to the Board. In Phase I, the written responses received from interested Firms were scored using the following criteria:

- a. Qualifications (35%)
- b. Experience (Projects of similar size and scope) (20%)
- c. Technical Approach and Methodology (35%)
- d. Pricing (10%)

The scoring of the proposals received was conducted by three evaluators – one member of the Board, one member of the Audit Committee, and one member of the IVGID Executive Team. The evaluators were not allowed to discuss the proposals with anyone, and were required to evaluate each proposal on its own merits without comparison to any other proposal. In addition, the evaluators were not shown the price proposals until after their Phase I scoring was completed. Upon completion of the Phase I scoring, the evaluators determined the following:

Phase I – Written Proposal Scores

	Score Totals
RubinBrown	249
Baker Tilly	234
Moss Adams	229
Grassi	199

The evaluators later met as a group to discuss the results of the scoring, and determined that RubinBrown, Baker Tilly, and Moss Adams each remained within the competitive chance of still winning the contract. As such, the evaluation panel invited each of these three Firms back for Phase II, which consisted of an interview each Firm. The Firms were allowed to give a short presentation, with follow-up questions from the evaluators. Pursuant to the requirements of the RFP, the Phase I scoring was then discarded, and Phase II scoring was determined to be the only factor upon which the recommendation for award of contract was to be decided. The Phase II scoring is listed below:

PHASE II – Interview Scores

	Score Totals
RubinBrown	276
Moss Adams	226
Baker Tilly	217

As RubinBrown was the highest rated Firm upon completion of Phase II – Interview Scores, the evaluators wrapped up their work and recommended to the Finance Department that RubinBrown, LLP be further recommended for contract award to the full Board. During the interview process, the committee discussed making a final recommendation to the Board for a three-to-five year lookback by the selected firm, with the actual timeframe to be determined during final scoping and contract negotiations.

VI. FINANCIAL IMPACT AND BUDGET

The RubinBrown price proposal, based only on their understanding of IVGID's needs, was a total fixed price of \$110,000 for three fiscal years' review. The total fixed price for five fiscal years' review is proposed to be \$160,000. While these figures are a starting point for contract negotiations, final pricing will be dependent upon successful completion of the finalized contract. The budget contains sufficient funds for the proposed agreement amount.

V. ALTERNATIVES

The impact of rejecting the recommendation for contract award would be to continue with current operations, absent any type of independent risk assessment for potential of fraudulent activities.