

April 03, 2025

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

## **AUDIT SERVICES CONTRACT # 25-004 WITH CHAVAN & ASSOCIATES, LLP**

### **RECOMMENDATION:**

It is recommended that the Board authorize the General Manager to sign contract # 25-004 with Chavan & Associates, LLP in the amount of \$93,000 to provide auditing services for VRSD, Saticoy Sanitary District (SSD), and Ventura Regional Energy Alliance (VCREA) for Fiscal Years ending 2025, 2026, and 2027 with the option to extend the contract for two additional years for an additional \$66,850.

### **FISCAL IMPACT**

Funding for this contract will be included in the proposed budgets for the year in which the services shall take place. The District as well as SSD and VCREA, will realize savings totaling \$2,418 per year given that the District paid \$33,418 for the FY 2024 audits compared to the \$31,000 proposed.

### **BACKGROUND**

In accordance with California Government Code Section 12410.6(b) auditor rotation requirements of public accounting firms providing audit services to local governments, the District has adopted an auditor rotation policy that requires rotation after 5-years.

The District recently solicited proposals for external auditors to provide professional auditing services in accordance with the District's policy for auditor rotation after 5-years of service. The Request for Proposals was posted on the California Municipal Finance Officers (CSMFO) website and sent to a handful of known firms.

### **PROPOSAL**

A total of (4) proposals received ranging in price from \$93,000 to \$143,535 for 3-years of auditing services of financial statements for VRSD, SSD and VCREA. Per agency, bids were VRSD \$67,730 to \$103,805; SSD \$12,000 to \$24,000; VCREA \$12,000 to \$21,000.

The proposal from Chavan & Associates, LLP is the lowest in overall price, which when combined with other selection criteria such as staff qualifications, firm's similar engagements, etc., resulted in a first place overall ranking. The cost breakdown per agency is shown below.

Entity	Year 1	Year 2	Year 3	Total
VRSD	\$ 23,000	\$ 23,000	\$ 23,000	\$ 69,000
SSD	\$ 4,000	\$ 4,000	\$ 4,000	\$ 12,000
VCREA	\$ 4,000	\$ 4,000	\$ 4,000	\$ 12,000
<b>TOTAL</b>	<b>\$ 31,000</b>	<b>\$ 31,000</b>	<b>\$ 31,000</b>	<b>\$ 93,000</b>

Chavan & Associates, LLP was interviewed by the Director of Finance and Sr. Accountant on March 18, 2025 as part of the auditor selection process and ranked in first place in that process. Subsequent reference checks with existing clients revealed a firm that is highly recommended because of its flexibility, responsiveness, and thoroughness.

Staff is recommending Chavan & Associates, LLP to provide professional auditing services for the District as well as SSD and VCREA. The proposed contract is for three years with the option to extend it for two additional years. Enclosed is the proposed agreement. The technical and cost proposals will become attachments to the agreement.

The District also requested and Chavan & Associates, LLP submitted proposals to prepare the State Controllers Reports on behalf of VRSD, SSD and VCREA. Those services are not included in this contract because determination on the need for assistance with the reports is made during each fiscal year, dependent on staff's workload and ability to meet the reporting deadlines. If additional services are needed, staff would request and authorize Chavan & Associates, LLP under staff's contracting authority.

This letter has been reviewed by VRSD legal counsel as to form.

If you should have any questions or need additional information, please contact me at (805) 658-4646 or via email at TinaRivera@vrzd.com.



ALVERTINA RIVERA - DIRECTOR OF FINANCE

APPROVED FOR AGENDA



Chris Theisen, General Manager

Attachments: 1. VRSD Contract No. 25-004 Chavan & Associates

**CONTRACT NO. 25-004**

**AGREEMENT FOR FINANCIAL AUDITING  
SERVICES BETWEEN  
VENTURA REGIONAL SANITATION DISTRICT  
AND  
CHAVAN & ASSOCIATES, LLP**

THIS AGREEMENT is made and entered into this 3<sup>rd</sup> day of April, 2025 by and between VENTURA REGIONAL SANITATION DISTRICT, a public agency formed pursuant to California Health & Safety Code Section 4700 et seq., hereinafter "DISTRICT", and CHAVAN & ASSOCIATES, LLP, hereinafter "AUDITOR". Together, DISTRICT and AUDITOR shall be referred to herein as Parties.

**RECITALS**

A. DISTRICT is a local government agency, special district operating under the laws of the State of California which require that the financial records of each public agency be reviewed annually by an independent third-party Auditor who shall render its opinion on the condition and accuracy of said financial records (Gov. Code §§12410.5 and 12410.6).

B. DISTRICT, pursuant to competitive bidding based on a Request for Proposals, has selected AUDITOR as the best qualified certified public accounting firm due to past knowledge of DISTRICT fiscal operations, thoroughness of work and auditing integrity.

C. The DISTRICT's selection process and procedure for this engagement was done in conformance with DISTRICT Purchasing Resolution No. 89-13 and applicable state law.

D. AUDITOR has represented itself to be qualified as a Certified Public Accountant, duly authorized to practice and licensed as such by the California State Board of Accountancy, possessing the skills, knowledge and experience necessary to conduct said audit.

E. On the basis of the foregoing Recitals and the terms and conditions set forth below, the Parties enter into this Agreement to set forth their respective rights and obligations.

**AGREEMENT**

**ARTICLE 1: EMPLOYMENT AND KEY PERSONNEL**

A. DISTRICT employs AUDITOR to perform the auditing services set forth herein. AUDITOR accepts said employment and agrees to perform said work and services in accordance with the terms of this Agreement.

B. Sheldon Chavan, shall be personally in charge of and personally supervise or perform the technical execution of services on a day-to-day basis on behalf of AUDITOR and shall maintain direct communication with the person designated as DISTRICT Engagement Manager.

C. Should the above individual be unable to complete his or her responsibilities for any reason, he/she shall be replaced by another qualified person from the AUDITOR whom the DISTRICT must first review and find to be a satisfactory substitute. If AUDITOR fails to make a required replacement within 15 calendar days, DISTRICT may, at its sole option, terminate this Agreement immediately upon giving a written notice of termination.

**ARTICLE 2: SCOPE OF SERVICES**

AUDITOR agrees to perform the specified professional services as described in Exhibit "A" which is incorporated by reference herein.

### **ARTICLE 3: AUTHORIZATION AND COMPLETION OF WORK**

Auditing services for work outlined in Article 2 shall be rendered only upon execution of this Agreement. AUDITOR shall begin work promptly upon execution of the Agreement and pursue the work diligently to assure completion on a timely basis. All contractual work shall be completed in a timely manner.

### **ARTICLE 4: COMPENSATION**

Fees or compensation for services provided by AUDITOR to DISTRICT in Article 2 of this Agreement shall not exceed \$93,000 for the first 3-years of this Agreement. If this Agreement is extended by the Parties for another 2-years after the first 3-years, additional fees or compensation for AUDITOR services shall not exceed \$66,850 as further outlined in Exhibit "B", the Cost Proposal, which is incorporated herein by reference.

#### A. Direct Salary Cost

For the time of all personnel employed by AUDITOR, the fees payable by DISTRICT shall be ascertained by multiplying the number of hours worked by each classification of employee on the Engagement by the appropriate hourly rates shown in the Cost Proposal, incorporated by reference herein.

#### B. Progress Payments

DISTRICT shall pay AUDITOR within 30 days of receiving invoice in accordance with the following payment schedule and contract amounts:

- (1) upon completion of interim fieldwork - 33% of maximum contract;
- (2) amount upon completion final fieldwork - 33% of maximum contract amount; and
- (3) upon delivery of all final reports - 34% of maximum contract amount.

#### C. Performance

No payment made under the Agreement, except the final payment, shall be conclusive evidence of the performance of the Agreement, either wholly or in part, and no payment shall be construed to be an acceptance of AUDITOR's work. Nothing in this paragraph shall bind DISTRICT to make the final payment or to provide or accept a statement that the work has been completed if DISTRICT determines the work has not been completed in accordance with this Agreement.

### **ARTICLE 5: INDEMNIFICATION AND HOLD HARMLESS**

AUDITOR agrees to defend, indemnify and hold harmless DISTRICT and its officers, agents and employees from and against any and all liability, damages, costs, losses, claims and expenses, however caused, resulting directly or indirectly from or connected with AUDITOR's performance of this Agreement (including, but not limited to such liability, cost, damage, loss, claim or expense arising from the death of or injury to, or damage to property of, AUDITOR, DISTRICT or their respective employees or agents), regardless of the active or passive negligence of DISTRICT, except where such liability, damages, costs, losses, claims or expenses are caused solely by the negligent or wrongful acts or omissions of DISTRICT or any of its agents or employees.

### **ARTICLE 6: INSURANCE**

AUDITOR shall provide and keep in effect during the term of this Agreement insurance as follows:

A. Workers' Compensation and Employer's Liability in accordance with applicable laws.

B. Comprehensive Commercial Liability policies with combined single limit coverage of at least \$1,000,000 for any personal injury, death, or property damage.

C. Comprehensive Automobile Liability policies with combined single limit coverage of at least \$1,000,000 for personal injury, death, or property damage.

D. Professional Liability coverage with minimum limits of \$1,000,000 in full force and effect during the life of this Agreement.

E. AUDITOR shall provide certificates of such insurance to DISTRICT prior to the start of work. Said certificates shall specifically provide that: (1) DISTRICT is an additional insured for the coverage in Items B and C above; (2) any other insurance coverage applicable to the loss shall be deemed excess coverage and AUDITOR's insurance shall be primary for the coverage in Items B and C above; (3) in the event of AUDITOR's professional liability, AUDITOR's insurance shall respond for the coverage in Item D above; and (4) such insurance shall not be terminated or canceled without thirty (30) days' prior written notice having been given DISTRICT at its address set forth in this Agreement, except that ten (10) days' written notice shall be acceptable in the case of cancellation for nonpayment. The cost of all such insurance and certificates provided shall be borne by AUDITOR.

F. If AUDITOR is allowed to use the services of a subcontractor pursuant to Article 14 below, AUDITOR shall require that the subcontractor provide and keep in effect identical insurance to that which AUDITOR is required to provide pursuant to the terms of this Article 6 and shall require that the subcontractor provide certificates of insurance to AUDITOR and DISTRICT prior to the time the subcontractor starts work on any portion of this Agreement, which certificate shall be in the same form as AUDITOR is required to provide to DISTRICT.

#### **ARTICLE 7: CHANGE ORDERS**

No change to Exhibit "A" hereto, or to any other provision of this Agreement, may be made except by a written amendment signed by AUDITOR and DISTRICT and must be consistent with the provisions of the DISTRICT Purchasing Policy.

#### **ARTICLE 8: INDEPENDENT CONTRACTOR RELATIONSHIP**

A. It is expressly understood between the parties that no employee/employer relationship is intended, the relationship of AUDITOR to DISTRICT being that of an independent contractor. DISTRICT shall not be required to make any payroll deductions or provide Workers' Compensation Insurance coverage or health benefits to AUDITOR.

B. AUDITOR is solely responsible for selecting the means, methods, and procedures for doing the work assigned, and for coordinating all portions of the work so the results will be satisfactory to DISTRICT. AUDITOR will supply all tools and instrumentalities required to perform its services under the Agreement, except as outlined in Exhibit A.

C. AUDITOR pursuant to this Agreement is rendering professional services only and any payments made to it are compensation solely for such services as it may render and recommendations it may make in the performance of services.

#### **ARTICLE 9: INFORMATION, LIAISON, AND ASSISTANCE**

DISTRICT agrees to provide AUDITOR all available information and assistance in regard to obtaining any work performed by DISTRICT or others in connection with the Engagement, including, but not limited to: working paper, spreadsheets, computer printouts, prior audit reports, which are available to DISTRICT and are required in connection with AUDITOR services under this agreement. AUDITOR shall maintain all such information in a confidential manner and AUDITOR shall not release such information to any person or agency without DISTRICT's written approval.

**ARTICLE 10: CONFIDENTIAL RELATIONSHIP/TITLE TO DOCUMENTS**

AUDITOR agrees that all dealings of the parties under this Agreement shall be confidential and no report, data, information or communication developed, prepared or assembled by AUDITOR under this Agreement, or any information made available to AUDITOR by DISTRICT, shall be revealed, disseminated or made available by AUDITOR to any person or entity other than DISTRICT without the prior written consent of DISTRICT. All data, working papers, spreadsheets and other documents developed, prepared, completed or acquired by CONSULTANT during the performance of its services hereunder shall be turned over to DISTRICT upon termination of this Agreement.

**ARTICLE 11: COMPLIANCE WITH ALL APPLICABLE LAWS**

AUDITOR shall be solely responsible for giving all notices and complying with all applicable federal, state or local laws, ordinances, rules, regulations and lawful orders of any public authority relating to AUDITOR work, the safety of the persons or property involved, and their protection from damage or injury. AUDITOR shall defend, indemnify and hold DISTRICT harmless from and against all claims, demands, payments, suits, actions, proceedings and judgments of every nature and description, including attorneys' fees and costs, brought or recovered against DISTRICT, for or on account of any liability under said laws, ordinances, rules, regulations and orders which may be incurred by reason of any work to be performed by AUDITOR with this Agreement.

**ARTICLE 12: NOTICES**

All notices or other official correspondence relating to contractual matters between the parties hereto shall be made by depositing same first-class, postage paid mail addressed as follows:

To AUDITOR: CHAVAN & ASSOCIATES, LLP  
Sheldon Chavan  
16450 Monterey Road, Suite #5  
Morgan Hill CA 95037

To DISTRICT: VENTURA REGIONAL SANITATION DISTRICT  
Director of Finance  
4105 West Gonzalez Road  
Oxnard CA 93036-2748

or to such other address as either party may designate hereinafter in writing delivered to the other party. All notices shall be deemed to have been received three (3) days after mailing.

**ARTICLE 13: TERMINATION OF SERVICES**

Either party may, without cause, terminate the Agreement no more than 30 days after the completion of each fiscal year's audit by providing, in writing, a 30-day notice to the other party. The DISTRICT shall compensate AUDITOR for any work performed up through the date of the notice of termination.

**ARTICLE 14: ASSIGNMENT AND SUBCONTRACTING**

Neither the AUDITOR nor the DISTRICT shall assign, subcontract nor transfer its interest, rights or obligations, in whole or in part, under this Agreement without the prior written consent of the other party.

**ARTICLE 15: NO WAIVER**

No failure or delay by DISTRICT in asserting any of DISTRICT's rights and remedies as to any default of AUDITOR shall operate as a waiver of the default, of any subsequent or other default by AUDITOR, or of any of DISTRICT's rights or remedies. No such delay shall deprive DISTRICT of its right to institute and maintain any action or proceeding which may be necessary to protect, assert or enforce any rights or remedies arising out of this Agreement or the performance of this Agreement.

**ARTICLE 16: EXAMINATION OF RECORDS**

AUDITOR agrees DISTRICT shall have access to and the right to examine any directly pertinent books, documents, papers, and records of AUDITOR and all the transactions relating to this Agreement.

**ARTICLE 17: TERMS**

No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties. No oral understanding or agreement not incorporated herein shall be binding on any of the parties.

**ARTICLE 18: PARTIAL INVALIDITY**

If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby.

**ARTICLE 19: INCORPORATION OF RECITALS**

The foregoing recitals are incorporated herein as though fully set forth.

**ARTICLE 20: CALIFORNIA LAW**

This Agreement shall be interpreted and construed pursuant to the laws of the State of California. The parties agree that should litigation arising from this Agreement be commenced within California, such litigation shall occur within a court of competent jurisdiction within the County of Ventura.

**ARTICLE 21: EXECUTION IN COUNTERPARTS**

This Agreement may be executed in one or more counterparts which, taken together, shall be deemed one and the same document. The Parties' signatures to this Agreement transmitted by facsimile or electronic mail transmission shall be deemed binding.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement the day and year first above written.

VENTURA REGIONAL SANITATION DISTRICT

CHAVAN & ASSOCIATES, LLP

By \_\_\_\_\_  
DAVID NEWMAN, Chair

By \_\_\_\_\_  
SHELDON CHAVAN, Partner

APPROVED AS TO FORM:

NOSSAMAN, LLP

By \_\_\_\_\_  
ROBERT N. KWONG, Counsel

ATTEST:

By \_\_\_\_\_  
MAYRA RODRIGUEZ  
Clerk of the Board



## EXHIBIT A

### **Scope of Work to be Performed by Auditor and Reports to be Issued**

The Auditor shall express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles ("GAAP"). The Auditor is not required to audit the District's, SSD's, and VCREA's supporting schedules, but is to provide an "in-relation-to" opinion on the schedules based on the auditing procedures applied during the audit of the basic financial statements.

The Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Government Accounting Standards Board (GASB) as mandated by GAAP.

The Auditor is not required to audit the schedule of expenditures of federal awards. However, the Auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Audit work will be required on all debt issues, to review accounting treatment and determine compliance with the bond covenants.

All Auditors adjusting journal entries must be discussed and explained to the DISTRICT's Director of Finance or his/her designee prior to recording. They should be in a format that shows the lowest level of posting detail needed for the District to enter the data into the general ledger.

Following the completion of the audit of the fiscal year's financial statements for each agency the Auditor shall:

1. Issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. Issue a report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. Issue a report on compliance and internal control over compliance applicable to each major federal program.
4. Put together the Comprehensive Annual Financial Report ("CAFR") components and provide the District with an electronic copy and up to (fifteen) 15 bound hard copies.

In the required reports on compliance and internal controls, the Auditor shall communicate any reportable conditions found during the audits. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the Auditors shall be reported in a separate letter to the management (the "Management Letter"), which shall be referred to in the reports on compliance and internal controls.

EXHIBIT A
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Irregularities and illegal acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the District Manager and the Director of Finance.

Auditors shall assure themselves that the District's General Manager is informed of each of the following:

1. The Auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention

EXHIBIT B

## *Ventura Regional Sanitation District*

FEES

### CHAVAN & ASSOCIATES, LLP

Certified Public Accountants

The Auditor's annual fee for the audit of each fiscal year covered by this Agreement, as listed below, shall not exceed the following:

Services	Hours	Optional				
		2025	2026	2027	2028	2029
Audit and Management Letters	196	\$ 23,000	\$ 23,000	\$ 23,000	\$ 25,000	\$ 25,850
GASB implementation and guidance	N/A	Included	Included	Included	Included	Included
Present Reports to Board and Committees	N/A	Included	Included	Included	Included	Included
Meals, Lodging and Transportation	N/A	Included	Included	Included	Included	Included
<b>Subtotal Base Audit</b>	<b>196</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>25,000</b>	<b>25,850</b>
SSD Financial Report	32	4,000	4,000	4,000	4,000	4,000
VCREA Financial Report	32	4,000	4,000	4,000	4,000	4,000
Single Audit	32	4,000	4,000	4,000	4,000	4,000
AFTR (SCO) VRSD	20	2,500	2,500	2,500	2,500	2,500
AFTR (SCO) SSD	8	1,000	1,000	1,000	1,000	1,000
AFTR (SCO) VCREA	8	1,000	1,000	1,000	1,000	1,000
<b>Total All-Inclusive Maximum Price</b>	<b>328</b>	<b>\$ 39,500</b>	<b>\$ 39,500</b>	<b>\$ 39,500</b>	<b>\$ 41,500</b>	<b>\$ 42,350</b>

Standard & Quoted Hourly Rates	
Engagement Partner	\$ 225
Associate Partner/Reviewer	200
Manager	165
Senior Auditor	100
Professional Staff	85
Administrative Staff	75