

**Board of Trustees of Oxnard Union High School
District Retiree Health Benefits Trust**

Request for Proposals for Trust Auditing Services

Proposal Release Date:

April 2, 2024

Responses Due:

April 24, 2024

5:00 p.m. (PDT)

SUBMIT RESPONSES TO:

Ed Ransom, Trustee

Maricruz Hernandez, Trustee

ed.ransom@oxnardunion.org

maricruz.hernandez@oxnardunion.org

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I. INTRODUCTION

A. **General Information**

The Board of Trustees of the Oxnard Union High School District Retiree Health Benefits Trust (“Trust”) is requesting proposals from qualified firms of certified public accountants to conduct financial statement audit of the Trust and related services for a term of three years.

For an auditor to be considered the Trust must receive their proposal in PDF format, via email, by 5:00 p.m. April 24, 2024, at ed.ransom@oxnardunion.org and maricruz.hernandez@oxnardunion.org

- There is no express or implied obligation for the Trust to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
- The Trust reserves the right to reject any and all proposals submitted.
- The Trust reserves the right to waive informalities or irregularities in bids.
- The Trust reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.
- The Trust reserves the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is selected.
- At the discretion of the Trust, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process via teleconference or web meeting.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the Trust and the firm selected.

B. **Term of Engagement**

The Board of Trustees seeks an auditor for the Trust plan year ending December 31, 2023, and for the following additional two Trust plan years.

II. DESCRIPTION OF THE TRUST

A. Contact Person

The auditor's principal management contact for the audit will ed.ransom@oxnardunion.org and maricruz.hernandez@oxnardunion.org.

B. Trust Description

The Oxnard Union High School District Retiree Health Benefits Trust (hereafter "Trust") was created to financially ensure the provision of health and welfare benefits to eligible retired employees of the Oxnard Union High School District (hereafter "District") and their dependents. The District is party to collective bargaining agreements which require it to provide health and welfare benefits for eligible retired employees and their dependents. The Trust assets have been used to ensure those benefits are provided.

The Trust's current assets in cash and investments totals approximately \$88,000,000. There are 926 current beneficiaries currently receiving retiree health benefits from the District. 641 are former employees and 285 are spouses. There are 226 current employees who remain eligible for retiree health benefits. The Trust makes periodic contributions towards payments of those health benefits. The Trust is governed by a six-person Board of Trustees with three Board members each appointed by the Oxnard Union High School District and the Oxnard Federation of Teachers and School Employees. The Trust documents and accounting records are maintained at the offices of the Oxnard Union High School District.

III. SCOPE OF WORK TO BE PERFORMED

The firm selected shall perform the following annual services:

A. Annual Audit

Annually audit the annual financial reports of the Trust for each of the plan years ended December 31, 2023, December 31, 2025, and December 31, 2026, using generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA). It is understood that the Parties shall execute a separate audit engagement letter each year, as required by professional audit standards, which will be subordinate to this Agreement in the event of any conflict between the audit engagement letter and this Agreement.

B. Audit Opinion

Provide to the Trust an audit report and opinion resulting from the annual audit. The audit report should include a final Statement of Changes in Net Assets Available for Benefits.

C. Annual Letter

Provide an annual management letter advising the Trust of opportunities observed for greater economies in operations, improvements in internal control, and efficiencies. Any identified material weaknesses or significant deficiencies in the design or operation of internal controls, illegal acts, or significant fraud risks shall be classified and reported as such.

D. Meetings

Attend meetings of the Trust prior to and during the audits as relevant to the audit purposes, as needed.

E. Limitations on Scope of Services

The firm selected shall not determine the appropriate level of Trust assets.

F. Coordination with Auditor

1. The firm selected shall present each member of the Trust with a draft of each annual audit and of the annual management letter and shall consider any comments provided by any member of the Trust with respect to those documents. The drafts of the two documents shall be provided to the Trust, both in hard copy and electronically, as soon thereafter as reasonably possible, assuming that the firm selected is provided with all requested documentation and records required to complete the audit in a timely manner and shall provide the Trust no less than twenty calendar days within which to respond. The final annual report shall be provided to the Trust, both in hard copy and electronically, as soon thereafter as reasonably possible.

2. The firm selected shall not perform any services other than those set forth in this RFP unless authorized in writing by each member of the Trust.
3. The firm selected shall address any request for clarification of the meaning of any element of the scope of services to each member of the Trust and shall do so in writing.
4. Each Trustee of the Trust shall have access to the data used by the firm selected in preparing its report. Each requesting member at the time of the request shall notify every other member of any request for data made to the firm selected. The firm selected shall provide a copy of the requested data to the Trust. Each Trustee shall maintain the confidentiality of such data and not disclose it to third parties unless required by law.

H. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the auditor is notified in writing by the Trust of the need to extend the retention period. The auditor will be required to make working papers available to the Trust. In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance as authorized by the Trust.

I. Exit Conference

An exit conference between the Trust and the auditor will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with the Trust. It should include internal control and program compliance observations and recommendations.

IV. TIME REQUIREMENT

A. RFP TIMELINE

ACTIVITY	DATE
Request for Proposal Issued	March 28, 2024
Deadline for Submission for Questions	No later than April 9, 2024
Answers Emailed to Respondents	No later than April 16 , 2024
Due Date for Proposals (due by 5:00 p.m.)	April 24, 2024
Oral Interviews (at the request of the Trust)	May 1, 2024
Final Selection	May 8, 2024
Board Approval	May 16, 2024

Following notification of the selected firm, it is expected that the contract shall be executed between both parties within 15 calendar days.

If you have any questions about the Trust's financial records or accounting practices, please contact Erica Deutsch, Counsel, at edeutsch@bushgottlieb.com. **Do not contact the Trustees directly.**

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Trust Assistance

Trust staff will be available during the audit to assist the firm by providing information, documentation, and explanations.

B. Work Area, Telephone, and Office Equipment

If any part of the audit is completed on-site, the Trust will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to a telephone, internet access, a computer with access to the general ledger system and payroll systems, and photocopying, printing, and scanning machines.

C. Report Preparation

Report preparation shall be the responsibility of the auditor, with the following final products delivered in a searchable Adobe Acrobat format.

1. Comprehensive Annual Financial Report (CAFR)
2. Financial Transactions Report
3. Single Audit Report
4. Management Letter
5. Adjusting & Closing Journal Entries

VI. PROPOSAL REQUIREMENTS

A. **Contents of Technical Proposal**

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Trust in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The Technical Proposal should address all points outlined in the request for proposal (excluding any cost information which is to be included in Attachment A). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this request for proposal. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

The proposal should respond to the following questions. In answering, please repeat the questions above the responses:

1. License to Practice in California. An affirmative statement should be included verifying the firm and all assigned key professional staff are properly licensed to practice in California and in good standing with the California Board of Accountancy.
2. Independence. The firm should provide an affirmative statement that it is independent of the Trust as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.
3. Firm Qualifications and Experience. To qualify the firm must have at least ten (10) years of extensive experience in audits of local government as well as experience with preparation of Comprehensive Annual Financial Statements prepared in accordance with GAAP. Please state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.
4. Identify by name and location the three largest health or benefit trusts for which the person who would be primarily responsible for these accounts is responsible. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address, and telephone number of the responsible person within the reference's organization.

5. Submit a copy of a report on the firm's most recent external quality control review (peer review), with a statement, whether that quality control review included a review of specific government engagements (required by current Government Audit Standards).
6. Provide information on the results of any Federal or State desk reviews or field reviews of the firm's audits during the past three (3) years. Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.
7. Partner, Supervisory and Staff Qualifications and Experience. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists who would be assigned to this engagement.

Provide as much information as possible regarding each person, including whether they are registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Indicate how the quality of staff over the term of the agreement will be assured.

If the firm selected has performed the audits for the prior six consecutive fiscal years, it shall not use the same lead engagement or auditing partner for the audit.

8. Hourly Rates. Please provide the current hourly rates for the individuals (or classification of individuals) who are likely to work on this account (individual names are not required) on Attachment B. Submit an outline of the firm's expense policy or guidelines for submitting billings for travel and other reimbursable out-of-pocket expenses.

Audit personnel may be changed, provided that replacements have substantially the same or better qualifications or experience.

9. For the firm's office that will be assigned responsibility for the audit, list the most significant health or benefit trust engagements (maximum 5) performed in the last three (3) years that are similar to the engagement described in this request for proposal. These engagements should be ranked based on total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also, please indicate whether the audit was part of a Comprehensive Annual Financial Report prepared in conformance with GAAP requirements. Information should be provided regarding clients that the firm serves that have received the GFOA award.

10. Specific Audit Approach. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Article III of this request for proposal. In developing the work plan, reference should be made to such sources of information as the Trust Budget and related materials, organizational charts, manuals, programs, and financial and other management information systems. Proposers may include the following information on their audit approach:

- Proposed segmentation for the engagement.
- Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- Type and extent of analytical procedures to be used in this engagement.
- Approach to be taken to gain and document an understanding of the Trust’s internal control structure.
- Approach to be taken in determining laws and regulations that will be subject to audit test work.
- Approach to be taken in drawing audit samples for purposes of tests of compliance.

11. Identification of Anticipated Potential Audit Problems. The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems and any special assistance that will be requested from the Trust.

12. In the past five (5) years, has the firm been audited or under investigation by the U.S. Department of Labor or the Internal Revenue Service? If so, please provide details.

13. Has the firm been a party to litigation involving provision of auditing services to a health or benefits trust in the past seven years? If so, please provide details.

14. Has any owner or employee, or former owner or employee, of the firm been convicted of any of the crimes listed in ERISA Section 411? If so, please provide details.

15. Have the services of the firm been terminated by a health or benefits trust in the last seven years? If so, please give the reasons for the termination.

16. Please attach a specimen copy of the audit letter or any other letters that would be presented to the Trustees for signature, if selected.

Feel free to attach pages with further explanation.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

B. Contents of Cost Proposal

Total All-Inclusive Maximum Price

The cost proposal should contain all detailed pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of- pocket expenses.

The cost proposal should be submitted in the format provided in Attachment A, "AUDIT WORK COST PROPOSAL FORM" and Attachment B, "ESTIMATE OF COST."

Manner of Payment

Progress payment will be made based on hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.

VII. REQUIREMENTS OF FIRM

A. Insurance

Prior to the provision of services under this Agreement, the selected firm agrees to purchase all required insurance at firm's expense, including all endorsements required herein, necessary to satisfy the Trust that the insurance provisions of this Contract have been complied with. CONTRACTOR agrees to keep such insurance coverage, Certificates of Insurance, and endorsements on deposit with the Trust during the entire Term of this Agreement. The policy or policies of insurance maintained by the firm selected shall provide the minimum limits and coverage as set forth below:

1. Accountants Professional Liability Insurance, with a policy limit of Two Million Dollars (\$2,000,000.00) with thirty (30) days written Notice of Cancellation in favor of each member of the GROUP, and general and commercial liability insurance with a policy limit of Two Million Dollars (\$2,000,000.)
2. Qualified Insurer. The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The firm selected shall notify the Trust in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to the Trust. Failure to provide written notice of cancellation may constitute a material breach of any agreement between the parties.

If firm's Professional Liability policy is a "Claims-Made" policy the firm shall agree to maintain coverage for two (2) years following the completion of the audits.

3. Workers' Compensation Insurance. The selected firm agrees to provide all necessary workers' compensation insurance for the firm's employees at the firm's own cost and expense.

B. Agreement Form and Execution of Agreement

The successful proposer will be required to enter into an Agreement with the Trust Firm's proposal, in its final form, will be incorporated in the Agreement as the Scope of Work. Carefully review this contract document and note in the proposal any and all requested exceptions or alterations to the contract. Requested alterations or changes to the contract not included in the proposal will not be considered after the selection of the firm. This includes alterations, exceptions, or changes to the insurance and indemnity provisions. By requiring these requests to be made up front, the Trust can

compare all respondents on an equal basis and take contract exceptions into consideration in the selection process.

The Agreement shall be signed by a principal of the selected firm and returned, together with insurance policies, bonds, and certificates of insurance, within fifteen (15) calendar days, after selection. Failure to execute the contract and provide certificates of insurance, copies of license forms as required within fifteen (15) calendar days shall be just cause for rescinding the selection of the firm.

VIII. EVALUATION OF PROPOSAL

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the Mandatory Criteria will have their proposals evaluated and scored for both Technical Qualifications and Price.

A. Mandatory Qualifications

- The auditing firm is independent and licensed to practice in California.
- The firm has no conflict of interest with regard to any of the work performed by the firm for the Trust.
- The firm adheres to the instructions in this request for proposal regarding preparing and submitting the proposal.
- The firm submits a copy of its last external quality control review report, and the firm has a record of quality audit work.
- The firm's past experience and performance on comparable engagements.
- The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- Adequacy of proposed staffing plan for various segments of the engagement.
- Thoroughness of approach to conducting the audit of the Trust and demonstration of the understanding of the objectives and scope of the audit.
- Commitment to timeliness in the conduct of the audit.
- Maximum fees to conduct the audit.

B. Technical Qualifications

The Trust will evaluate the auditor candidates based on the following criteria and minimum qualifications but not limited to:

- Auditor's background, general description, and organization structure.
- Qualifications and experience in conducting audits of health and benefit trusts.
- Proposed cost.
- Staffing experience.

- Implementation plan/project schedule-ability to meet timelines.
- Overall responsiveness, accuracy, and completeness of the auditor's proposal.
- Review of auditor's Trust references.

Attachment A

AUDIT WORK COST PROPOSAL FORM

Name of Firm: _____
Office Address: _____
Contact Name: _____
Contact Phone: _____

Fax #: _____
Contact Email: _____

REQUIRED SERVICES			
Service	2023	2024	2025
Comprehensive Annual Financial Report (CAFR)	\$	\$	\$
Total for Fiscal Year (not to exceed)	\$	\$	\$

Attachment B

ESTIMATE OF COST

Name of Firm: _____

Office Address: _____

Contact Name: _____

Contact Phone: _____

Fax #: _____

Contact Email: _____

Auditor's Standard Billing Rates

Auditors Standard Hourly Billing Rates			
POSITION	2023	2024	2025
Partner	\$	\$	\$
Manager	\$	\$	\$
Senior Accountant	\$	\$	\$
Staff Accountant	\$	\$	\$
Clerical	\$	\$	\$
Other	\$	\$	\$

