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Memo

To Measure A, B & J Independent Citizens' Bond Oversight Committee

From Timothy White, Deputy Chief, Facilities Planning and Management

Board Meeting Date August 12, 2019

Subject Update on Bond Audit Services - Request For Proposal (RFP)

Action Requested This update on the Request for Proposal (RFP) process for Bond Audit Services is presented to Measure A, B & J Independent Citizens' Bond Oversight Committee for discussion.

Background /Discussion An initial RFP was drafted earlier this Summer, we only received one response. Facilities redrafted the RFP to emphasize the need for paper review instead of relying primarily on electronic documents and develop an outreach plan for solicitation. The new RFP went out August 9, 2019 and proposals are due on August 30, 2019.

Recommendation Review and discussion of RFP for Bond Audit Services

Fiscal Impact Fiscal Impact will be detailed when contract for services is presented to Board.

Attachment Revised RFP for Bond Audit Services

THE OAKLAND UNIFIED SCHOOL DISTRICT
Department of Facilities Planning & Management

REQUEST FOR PROPOSALS FOR

BOND AUDITING SERVICES

Bond Financial and Performance Audit

**With option for two 1 year extensions Financial and Performance Audit Commencing
with the 2018-19 Fiscal Year**

1. **Deadline for Receipt of Proposals:** In order to be considered, proposals shall be received on or before Friday, August 30, 2019 at 4:00 P.M. Proposals shall be submitted in hard copy with flash drive copy to Tadashi Nakadegawa, Acting Executive Director of Facilities Planning & Management, 955 High Street, Oakland, CA 94601.
2. **Requests for Information:** Any questions relative to the RFP regarding documents, discrepancies, omissions or doubt as to meanings should be directed, in writing, to tadashi.nakadegawa@ousd.org and david.colbert2@ousd.org and copies to Michael.ezeh@ousd.org.
3. **Price Form:** Proposer shall return the RFP Price Form, fully executed, with their proposal. Proposer shall include a lump sum amount for the work performed under the scope of service, and also an hourly rate for work performed in addition to and outside the scope of service of the RFP.
4. **Withdrawal of Proposals:** Any Proposer may withdraw their proposal either personally by written request, telephone conversation or email request confirmed at any time prior to the scheduled closing time for receipt of proposals.
5. **Rejection of Proposals/ Award of Contract:** The District reserves the right to accept or to reject any or all proposals, or to waive any irregularities or informalities in any proposals. The award of the contract, if made by the District, will be to the Proposer that is, in the judgment of the District, in the best interest of the District.
6. **Duration of Contract:** The District is requesting annual financial bond audit and Comprehensive Performance Audit, commencing with the 2018-19 fiscal year with an option for two 1 year extensions of all capital bond fund programs and related account groups under the jurisdiction of the Oakland Unified School District. The District may elect to renew for up to two, one - year renewal options for maximum total contract duration of three years.
7. **Termination for Convenience:** The District will have the right to terminate the agreement at any time for convenience that is without cause, with sixty (60) days written notice to the other party. Under this circumstance, once notified in writing, all project work shall immediately cease. The District will pay for work performed. The parties shall meet to agree on the value of the work performed prior to the submission of a final invoice.

I. INTRODUCTION AND PURPOSE OF REQUEST FOR PROPOSAL (RFP)

The District's student enrollment is approximately 37,000. The District operates a total of 87 schools: 50 elementary schools (K-5), 4 elementary/middle schools (K-8), 14 middle schools (6-8), 2 middle/high schools (6-12), 6 comprehensive senior high schools (9-12), and 11 alternative/continuation schools. In addition, the District operates 30 Early Childhood Education sites, 11 transitional kindergarten programs and there are 39 District authorized charters. The District employs approximately 4,300 Staff, including certificated (credentialed teaching), classified (non-teaching) and management.

The District's accounting records are maintained in Escape Online, a fully integrated ERP information system. The Bond Program records for procurement and payment are largely maintained on paper and are available for review at the Facilities Planning & Management Department Offices. School district funds are deposited with the County Treasurer's Office, although the District maintains local bank accounts for revolving cash, and cash clearing. The prior year Audit reports are available for review at the District Office, together with responses to the findings and recommendations.

In November 2012, the voters of Oakland approved Measure J, a \$475,000,000.00, general obligation bond. The 75 word ballot language for Measure J stated:

"To improve the quality of Oakland schools and school facilities to better prepare students for college and jobs, to upgrade science labs, classrooms, computers and technology, improve student safety and security, repair bathrooms, electrical systems, plumbing and sewer lines, improve energy efficiency and earthquake safety, shall the Oakland Unified School District be authorized to issue \$475 million in bonds, with an independent citizens oversight committee and annual audits to guarantee funds are spent properly to benefit Oakland children"

The purpose of this RFP is to solicit proposals from qualified auditing firms to conduct annual financial and performance audits of all Measure "J" Bond Program funds and other bond funds. The District has expended prior bond funds (known as voter approved Measures A, B, and C).

II. SCHEDULE

All Statements of Qualifications and Proposals must be received on or before Friday, August 30, 2019, no later than 4:00 p.m.

SCHEDULE - KEY DATES

1. RFP released no later than Friday, August 9, 2019
2. Potential Proposers are required to email the contacts listed to register their interest in submitting a proposal by Wednesday, August 21, 2019 by 4:00 p.m.
3. **Proposals Responses due: Friday, August 30, 2019 at 4:00 p.m.**
4. Review of Proposals by OUSD Staff: September 3 - September 4, 2019

5. Interviews with Finalist: Week of September 9, 2019
6. Final determination/award: October 10, 2019 at OUSD Board of Education meeting

This solicitation shall not be construed in any manner to be an obligation by the District to enter into an agreement with any proposer or to reimburse any firm for costs incurred in submitting a proposal.

The District reserves the right to cancel or revise in part or in its entirety this RFP. If the District cancels or revise this RFP, all respondents will be notified by addenda. The District also reserves the right to extend the date responses are due.

All requests for information concerning this RFP must be directed to Tadashi Nakadegawa, Acting Executive Director of Facilities Planning & Management for Oakland Unified School District, tadashi.nakadegawa@ousd.org and David Colbert, Acting Director of Facilities Planning & Management for Oakland Unified School District, david.colbert2@ousd.org and copies to Michael Ezech, Program Accounting Manager, Michael.ezeh@ousd.org.

Proposers are not to contact District staff (except Mr. Nakadegawa, Mr. Colbert, and Mr. Ezech) or members of the Board of Education about this RFP or the selection process. Any Proposers who violate this request will be disqualified from further consideration.

Submission by facsimile or e-mail is not acceptable. Submissions received after the deadline will be returned unopened. Please submit proposals to:

Tadashi Nakadegawa, Acting Executive Director of Facilities Planning & Management
Oakland Unified School District
955 High Street Oakland, CA 94601

III. OBJECTIVE

To conduct a financial and performance audit to ensure that the funds have been expended only on the specific projects listed in the 2012 Measure J and other bond programs and to determine compliance with the District policies and procedures.

IV. SCOPE OF AUDIT

Performance Audit:

The scope of services requested to include an overall evaluation of the bond program, a list of bond areas needing improvements and recommendations for improvements. The report shall contain the current management structure's evaluation and analysis of the following major areas incorporated in the Performance Audit:

1. Design and Construction Cost Budgets

2. Design and Construction Schedules and Timelines
3. Financial Reporting and Internal Controls
4. Payment Procedures
5. Change order and claim procedures
6. Bidding and procurement procedures
7. Best Practices for Procurement of Materials and Services
8. Conflict of Interest; and
9. Compliance with State Laws and Guidelines and Board Policy

Financial Audit:

Examine expenditures of the 2012 Measure J General Obligation Bond Fund and Measure B Series 2016A covering at least 70% of the total Fund expenditures for the year ended June 30, 2019. The purpose is to verify if the use of the funds is within the scope of the published election materials specifying the intended use of bond proceeds by:

Selecting 70% of the vendors with current year expenditures of \$250,000 and over 30% of the vendors with current year expenditures under \$250,000, and examine compliance with published election materials specifying the intended use of bond proceeds, and District policies, including project initiation, purchase order issuance, contracts and bids, payments, project tracking and retention/release procedures.

Please note that the audit will rely largely on paper files and documents supported by Facilities management staff and Facilities Accountants in addition to District Central Accounting interviews.

V. DISTRICT SELECTION CRITERIA

The following is the criteria to be used by the Board of Education in selecting the Auditor:

1. Only Certified Public Accountant firms will be eligible for consideration. The firm must be able to demonstrate that it has operated as a business entity for a minimum of five years.
2. The firm meets the requirements of the Standards for Audit Governmental Organizations, Programs, Activities and Functions, 1981 Revision, published by the United States General Accounting Office.
3. The principal officers of the firm and the Audit manager assigned to the District must be members of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants. It is also desirable that the firm (or firm staff member) be involved with the AICPA peer review program and/or be a member of the Government Financial Officer Association (GFOA) and on the GFOA list to receive regular notices.
4. The firm and staff assigned must have substantial experience performing Public School Bond Fund Audits. The Audit Partner in charge must have an experience within the last four years of Auditing school districts. You are requested to address

- such experience in your proposal.
5. A record of completing Audits on time, proceeding through the Audit work plan in an organized and efficient manner, and working with district staff in a reasonably harmonious relationship.
 6. The final evaluation process will include obtaining references from current and former school district Audit clients as a means of verifying that the firm meets these qualifications.
 7. An Affirmation that the proposer does not have a record of substandard Audit work and has not been or is not being debarred.

VI. ASSISTANCE AVAILABLE TO AUDITORS

1. The District's Facilities and Accounting staff will be available to pull documents from the files and answer questions.
2. The District will make appropriate work areas available in close proximity to the accounting records.

VII. REPORTS REQUIRED AND PRESENTATIONS

1. The District will need 25 copies of the final Audit report for each Audit.
2. The final audit must be presented to the Bond Oversight Committee and the Board of Education.

VIII. FORMAT FOR RFP RESPONSE

The format of the proposal must be as follows:

1. LETTER OF TRANSMITTAL - Should contain a brief statement of the Audit services(s) to be performed with a commitment to follow through if selected. The names, addresses and phone numbers of persons authorized to represent your firm in correspondence should be clearly stated. Any other important information which needs to be highlighted should be referred to in this letter of transmittal.
2. Completed Attachment I
3. Completed Fee Proposal Form (Attachment II)

IX. GENERAL TERMS AND CONDITIONS

1. Equal Opportunity

The Bidder must be an Equal Opportunity Employer, and shall be in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable Federal and State laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965.

2. Supplemental Compensation and Additional Services

If, during the course of performing Audit services, the Auditor finds any unusual item or circumstance, which, in their view, warrants an immediate detailed investigation, the same will be reported in writing to the District's Chief Business Officer. If, in the opinion of the Chief Business Officer, a more detailed verification of the item is required than that which would be required under ordinary circumstances, a written authorization will be provided to the Auditor by the Chief Business Officer.

Additional services are not within the scope of services to be performed pursuant to the Agreement. If additional services are required and authorized, the Agreement will be amended to reflect the additional services, and supplemental compensation shall be at the hourly rates applicable for the then current Audit year.

3. Errors and Omissions

If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the bidder shall immediately notify the District of such error in writing and request clarification or modification of the document. Modifications will be made by addenda. Such clarification shall be given by written notice to all parties who have been furnished an RFP for bidding purposes, without divulging the source of the request for same. Insofar as practicable, the District will give such notices to other interested parties, but the District shall not be responsible therefor.

If a bidder fails to notify the District, prior to the date fixed for submission of bids, of an error in the RFP known to them, or an error that reasonably should have been known to them, they shall bid at their own risk; and if awarded the contract, the bidder shall not be entitled to additional compensation or time by reason of the error or its later correction.

The bidder should carefully examine the entire RFP and addenda thereto, and all related materials and data referenced in the RFP or otherwise available to them, and should become fully aware of the nature and location of the work, the quantities of the work, and the conditions to be encountered in performing the work.

4. Bidder Agreement

In compliance with this request for proposals, the bidder will propose and agree to furnish all labor, materials, transportation, and services for the work described and specifications and for the items listed herein.

A bid is subject to acceptance at any time within sixty (60) days after opening of same, unless otherwise stipulated. Bids cannot be corrected, altered, signed or withdrawn after public opening.

5. Bid Signee

If the bidder is an individual or an individual doing business under a firm name, the bid must, in addition to the firm name, be signed by the individual. If the bidder is a partnership, the bid should be signed with the partnership name by one of the partners. If a corporation, with the name of the corporation by an officer authorized to execute a bid on behalf of the corporation.

6. Bidder's Understanding

It is understood and agreed that the bidder has been, by careful examination, satisfied as to the nature and location of the work, the character, quality and quantity of the materials to be encountered, the character of equipment and facilities needed preliminary to and during the prosecution of the work, and general and local conditions, and all other matters which can in any way affect the work under this contract. No verbal agreement or conversation with any officer, agent or employee of the District, either before or after the execution of this contract, shall affect or modify any of the terms or obligations herein contained.

7. Intent of Specifications

All work that may be called for in the specifications shall be executed and furnished by the successful bidder, and should any work or materials be required which is not denoted in the specifications, either directly or indirectly but which is nevertheless necessary for the execution of the contract, the bidder is to understand the same to be implied and required, and shall perform all such work and furnish any such material as fully as if it were particularly delineated or described.

8. Extra Work

No bill or claim for extra work or materials shall be allowed or paid unless the doing of such extra work or the furnishing of such extra materials shall have been authorized in writing by the District.

9. Disposition of Proposals

All materials submitted in response to this RFP will become the property of the District, and will be returned only at the District's option and at the bidder's expense. The original copy shall be retained for official files and will become a public record after the date and time for final bid submission as specified. However, confidential financial information submitted in support of the requirement will be returned upon request.

10. Terms of the Offer

The District's acceptance of the Bidder's offer shall be limited to the terms herein unless expressly agreed in writing by the District. Proposals offering terms other than those shown herein will be declared non-responsive and will not be considered.

11. District's Alternative Providers

The District reserves the right to solicit, purchase and obtain, from providers other than the successful Bidder, certain products and services, of a nature similar or equivalent to those products and services solicited in this RFP.

12. Bidder Agreement to Terms and Conditions

Submission of a signed proposal will be interpreted to mean Bidder has agreed to all the terms and conditions set forth in the pages of this solicitation.

13. Formation of Contract

Bidder's signed proposal and the District's written acceptance shall constitute a binding contract.

14. Laws Governing Contract

This contract shall be in accordance with the laws of the State of California. The parties stipulate that this contract was entered into in the County of Alameda, in the State of California. The parties further stipulate that the County of Alameda, California, is the only appropriate forum for any litigation resulting from a breach hereof or any questions risen here from.

15. Notices

Any notices relevant to this Agreement may be served effectually upon either the District or the Successful Bidder, one to the other, by delivering such notice in writing, or sending such notice by certified mail, traceable overnight letter or email.

16. Changes to the Agreement

This Agreement may be changed or amended by written, mutual consent of the District and the Successful Bidder. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on the parties hereto.

17. Time

Time is of the essence of this Contract.

18. Severability

If any provisions, or portions of any provisions of this contract are held invalid, illegal, or unenforceable, they shall be severed from the contract and the remaining provisions shall be valid and enforceable.

19. Certification Regarding Debarment, Suspension, negligibility and Voluntary Exclusion

The District certifies to the best of its knowledge and belief, that it and its officials: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency according to Federal Acquisition Regulation Subpart 9.4, and by signing this contract, certifies that this vendor does not appear on the Excluded Parties List.

<https://www.sam.gov/portal/public/SAM>

20. Assignment

The Agreement shall not be assigned without the prior written consent of the District.

21. No Rights in Third Parties

The Agreement does not create any rights in or inure to the benefit of any third party.

FORMAT FOR RFP RESPONSE ATTACHMENT 1

Proposer shall furnish all the following information accurately and completely. Failure to comply with this requirement may cause a proposal rejection. Additional sheets may be attached, if necessary.

SECTION A - GENERAL INFORMATION

1. Firm name, address and point of contact for this proposal:

2. Telephone: _____ Facsimile: _____

Firm Web Address: _____

Point of Contact Email: _____

3. Type of firm: (check one)

☐ Individual ☐ Partnership ☐ Corporation

4. Names and titles of all principals/officers/partners of the firm:

Name	Title	Phone

5. Identify the Audit manager, field supervisors and other staff who will work on the Audit

Name	Title	Phone

Attach the resume of all staff identified in (5)

6. Please list any applicable certifications, licenses and associated numbers for each staff member identified in (5) above.'

7. How many years of experience do your firm have auditing bond programs for school districts in California?

8. What School Districts has the firm provided bond fund audits for in the last five years; provide name and telephone number of official at each school district.

9. Please attach a short history of the firm including whether it is local, national, or international as well as approximate number of employees. Also provide the number of firm offices and locations.

SECTION B - LEGAL

10. Have you or any of your principals been in litigation or arbitration of any kind on a questions or questions relating to Auditing services involving a school district during the prior five (5) years?

11. If yes, provide the name of the school district and briefly detail the dispute:

12. Have you ever had a contract terminated for convenience or default in the prior five years? If yes, provide details including the name of the other party:

13. Is your firm, owners, and/or principal, partner or manager involved in or is your firm aware of any pending litigation regarding professional misconduct, bad faith, discrimination, or sexual harassment?

_____ (Yes or No)

If yes, provide details:

Is your firm, owners, and/or principals or partners involved in or aware of any pending disciplinary action and/or investigation conducted by any local, state or federal agency? (Yes or No)

If yes, provide details:

SECTION C - REFERENCES

List at least three school districts for which you have provided annual bond fund auditing services. Include the names, addresses, and telephone numbers of the persons who can be contacted. Information obtained through the references will be evaluated by the District.

Name	Address	Phone

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this _____ day of _____, 2018, at _____ (city/county),

State Of _____

Signature

OAKLAND UNIFIED SCHOOL DISTRICT
Audit Services RFP
Fee Proposal Form Attachment II

Please note that the audit will rely largely on paper files and documents supported by Facilities management staff and Facilities Accountants in addition to District Central Accounting interviews.

Please indicate not to exceed amount for Fiscal Years:

_____ (18-19)

_____ (19-20)

_____ (20-21)

For work outside the scope of services:

Hourly rate for partner:

Hourly rate for associates:

Hourly rate for other staff (specify):

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND
VOLUNTARY EXCLUSION**

I am aware of and hereby certify that neither _____nor
Name of Bidder

Name of Bidder Nor Its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. I further agree that I will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts and subcontracts. Where the bidder/offer or/contractor or any lower participant is unable to certify to this statement, it shall attach an explanation to this solicitation proposal.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal of the above named bidder on the _____day of _____2018 for the purposes of submission of this bid.

By _____Signature

Typed or Printed Name

Title

Date