



# **FALLBROOK HEALTHCARE DISTRICT (FHD)**

## **REQUEST FOR PROPOSAL FINANCIAL AUDITOR**

FALLBROOK HEALTHCARE DISTRICT  
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## **REQUEST FOR PROPOSAL**

Fallbrook Healthcare District (hereinafter called the “District”) is requesting audit service proposals from qualified public accounting firms to perform annual audits and issue opinions on the District’s financial statements for the year ended June 30, 2016.

### **DESCRIPTION OF THE DISTRICT:**

Fallbrook Healthcare District (“District”) is a government entity under the Local Health Care District Law (Statutes 1945, Chapter 932; Health and Safety Code, Division 23, Sections 32000 et seq., of the State of California). The District serves residents of the Fallbrook, Bonsall, Rainbow, and De Luz areas of northern San Diego County.

In 1950, the residents of the area voted to establish, build, and operate Fallbrook Hospital. In 1971, the hospital was enlarged to its present 47-bed capacity. Community Health Services leased the hospital from November 1998 until its closure in July 2015. The hospital remains closed at this time.

A copy of the District’s most recent financial statement can be found on our website “fallbrookhealthcaredistrict.org”. It is the proposing firm’s responsibility to obtain an understanding of the District’s accounting system, the scope of the audit and the work to be performed in order to successfully complete the audit, prior to submitting their proposal and bid.

### **SCOPE OF THE AUDIT:**

The audits are to be performed in accordance with generally accepted auditing standards (GASB).

The auditor will evaluate the adequacy of the internal control system and, where weaknesses are noted, making appropriate recommendations for improvements. A management letter will be submitted by the auditing firm.

The auditor will be required to make an immediate written report of all irregularities and illegal acts, of which they become aware, to the Board President and Executive Director.

The audit will cover the general purpose financial statements, as well as supporting documentation and schedules. The auditor will assist the District in providing more meaningful and concise financial statements by seeking improved methods of reporting.

The auditing firm shall provide (9) copies of the auditor’s report, financial statements, supporting schedules and management letters, if any. The partner in charge of the audit shall be available to attend at least (1) meeting at which the audit report will be discussed.

The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent

**PROPOSAL REQUIREMENTS:**

Nine (9) copies of a proposal must be received no later than 5:00 p.m., xxxxxx, xxxxxxxxxxxxxx. The following information is required by the deadline for consideration:

**A Copy of the Proposal to Include**

1. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the required time period, a statement of why the firm believes itself to be the best qualified to perform the engagement.

2. Detailed Proposal
3. Bidding Proposal

**General Requirements of the Proposal**

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District, in conformity with the requirements of this Request for Proposal. The proposal shall 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.

**Insurance**

Minimum insurance requirements are given below. Please provide insurance carrier and limits for each line of insurance, and confirm that required evidence of insurance will be provided:

- A. Commercial General Liability insurance with minimum limits of \$1,000,000 per occurrence. Provide Certificate of Insurance and Additional Insured Endorsement.
- B. Automobile Liability insurance with minimum limits of \$1,000,000 per accident. Provide Certificate of Insurance.

- C. Workers' Compensation with statutory limits, as required by the Labor Code of the State of California, and Employer's Liability with minimum limits of \$1,000,000 per occurrence. Provide Certificate of Insurance.
- D. Professional Liability/Errors and Omissions insurance with minimum limits of \$2,000,000 per occurrence. Provide Certificate of Insurance.
- E. The firm will provide a certificate from the insurer that the District is an additional insured.

**Independence**

The firm should provide an affirmation statement that it is independent of the District as defined by generally accepted auditing standards.

**Firm Qualifications and Experience**

The proposal should 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 professional staff to be employed in this engagement.

The firm is also required to submit information on the report of its most recent peer review, with a statement of whether the peer review included a review of specific government engagements. In addition, the firm will submit a statement whether they have been the object of any disciplinary action in the past three years.

**Partner/Supervisor/Staff Qualifications and Experience**

The firm should indemnify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement, and indicate whether each person is licensed to practice as a Certified Public Accountant in California. The firm should also supply information on the government auditing experience of each person, including information on relevant continued education and professional organizations relevant to the performance of this audit.

**Similar Engagement With Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this Request for Proposal.

Indicate the scope of the work, date, engagement partner, total hours, and the name and telephone number of the principal client contact.

### **Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, type and extent of statistical sampling, compliance tests, substantive tests, and analytical tests to be performed, as well as a schedule (by date and hours) of the work to be performed to meet the requirements of this Request for Proposal.

### **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 specific assistance that will be requested from the District.

### **Bidding Proposal**

The bidding proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. A schedule of rates for partners, specialists, supervisors and staff, multiplied by the number of hours anticipated by each, should be included. The bidding proposal should contain all direct and indirect costs including out-of-pocket expenses to arrive at an all-inclusive maximum price for the first year. Either dollar value or inflation factors may be used to determine subsequent years.

### **DISTRICT OBLIGATION:**

If it should become necessary for the District to request the auditor to render additional services to either supplement the services requested in this Request for Proposal or to perform additional work as a result of the specific recommendations included in any report issued with this engagement, such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the formal bidding proposal.

Progress payments will be made on the basis of hours of work performed during the course of the engagement in accordance with the firm's formal bidding proposal. Interim billings shall cover a period of not less than one calendar month.

Proposals submitted will be evaluated by an Audit Committee selected by the District.

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations of the proposed managing accountant and/or senior partner of the audit. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal.

Final selection will be based on the firm's qualifications, experience, audit approach, and bid

Submission of a proposal constitutes acceptance by the firm of the conditions contained in this Request for Proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The District reserves the right to reject any and all proposals. The District also reserves the right to cancel the contract, due to unsatisfactory performance of audit services, with a 30-day written notice. The District may extend the contract, at any time, upon agreeable terms with the successful bidder.

**For additional information and inquires, contact:**

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