

HOCKLEY COUNTY, TEXAS REQUEST FOR QUALIFICATIONS NO. 2020-002:

**FOR THE ENGAGEMENT OF A QUALIFIED FORENSIC AUDITOR TO CONDUCT A
FORENSIC AUDIT OF THE HOCKLEY COUNTY FINANCIAL RECORDS,
INCLUDING THE RECORDS OF THE HOCKLEY COUNTY TREASURER,
FOR THE PERIOD BEGINNING JANUARY 1, 2017
THROUGH AND INCLUDING JUNE 1, 2020**

General Information and Requirements

1. Request for Qualifications (“RFQ”)

Hockley County, Texas (“County”), acting by and through its governing body, the Hockley County Commissioners Court (“Commissioners Court”), hereby issues and shall implement this **Hockley County, Texas Request for Qualifications No. 2020-002** (“RFQ”) in order to best serve the public interest: (a) to timely obtain an independent forensic audit (“Audit”) of the County’s financial records, specifically including the records of the office of the Hockley County Treasurer, for the search period beginning January 1, 2017 through and including June 1, 2020 (“Search Period”); and (b) for the Audit to be conducted by a qualified certified public accountant, certified fraud examiner and/or forensic auditing firm (collectively “Qualified Forensic Auditor”) to be engaged by the County in the manner provided by law and pursuant to this RFQ.

Unless otherwise designated: (a) “Parties” shall mean the County and the Respondent/Qualified Forensic Auditor; (b) “Response” shall mean an RFQ response (or Qualifications Statement) submitted by a Qualified Forensic Auditor regarding this RFQ; (c) “Respondent” shall mean a Qualified Forensic Auditor submitting a Response to the County regarding this RFQ; and (d) unless otherwise designated, the past, present, or future tense shall each include the other, the masculine, feminine, or neuter gender shall each include the other, and the singular and plural number shall each include the other where necessary for a correct meaning. The County shall give public notice of this RFQ as required by law.

2. Scope of Services

The County desires to engage the professional services of a Qualified Forensic Auditor to conduct an independent forensic audit of the County’s financial records, specifically including the records of the office of the Hockley County Treasurer (“County Treasurer’s Office”), for the Search Period beginning January 1, 2017 through and including June 1, 2020.

The Qualified Forensic Auditor shall review and analyze for the Search Period the County’s financial and business records (including reports, correspondence, and other communication records), financial instruments, cash or non-cash public funds, and public fund accounts, specifically including said records, instruments, funds, and accounts received, obtained, delivered, submitted, deposited, withdrawn, possessed, processed, maintained, kept, or used by the County Treasurer’s Office during the Search Period in performing the duties and responsibilities required by law for said public office, including in those duties and responsibilities for the timely performance and reporting of all legal obligations relating to the deposit, withdrawal, distribution,

and safe keeping of all cash or noncash public funds and financial instruments of the County which came into the possession of, or were managed, handled, used, reported, or processed by, the County Treasurer's office during the Search Period.

During the Audit, at minimum, the Qualified Forensic Auditor will review, examine, and analyze the aforesaid County records, instruments, funds, and accounts to determine whether a reasonable belief (or probable cause) exists that one or more of the following events occurred during the Search Period:

- (a) that a financial loss of public funds occurred -- and if so, a description and explanation shall be provided in the Audit, if known, of the (i) nature, amount, and method of said loss event, (ii) party that sustained the financial loss from said event, and (iii) party responsible for causing said loss event;
- (b) that noncompliance occurred with the requirements of federal or state law regarding the timely and lawful deposit, withdrawal, management, reporting, and/or safe keeping of the cash or non-cash public funds, public fund accounts, and financial instruments of the County which came into the possession of, or were managed, handled, used, reported, or processed by, the County Treasurer's Office -- and if so, a description and explanation shall be provided in the Audit, if known, of the (i) nature, amount, and method of the noncompliance event, and (ii) party responsible for the noncompliance event; and/or
- (c) that a criminal offense occurred involving public funds or public fund management (including without limitation fraud, theft, misappropriation, or misapplication of public funds) -- and if so, a description and explanation shall be provided in the Audit, if known, of the (i) nature, amount, and method of the event, (ii) party that sustained a loss from the event, and (iii) party responsible for the event.

The Qualified Forensic Auditor will prepare and timely submit to the Commissioners Court a forensic investigation report and evidence file with the Audit to properly identify, describe, and explain the issues described in this Scope of Services, and to serve as a basis for potential criminal prosecution, civil litigation, insurance recovery and/or for restitution-seeking purposes. Upon selection through the RFQ process, additional questions, steps or procedures may be discussed with the Qualified Forensic Auditor and required for the Audit, as deemed necessary or desired by the County in the public interest.

The Audit shall be performed in accordance with the Statement of Standards for Forensic Services No 1 issued by the American Institute of Certified Public Accountants, the Code of Ethics of the Association of Certified Fraud Examiners, and with other lawful forensic investigation techniques which include but are not limited to the following: (a) an examination of the County's books and records; (b) the voluntary interview of appropriate individuals; and (c) the use of other lawful evidence gathering procedures as considered necessary or desired pursuant to the circumstances. The initial Audit Search Period and tasks may be expanded should a reasonable belief (or probable

cause) exist from the facts that: (a) legal noncompliance occurred in the handling or reporting of public funds; or (b) a criminal offense occurred involving public funds or public funds management.

3. Copies of RFQ

Copies of this RFQ may be obtained from the Hon. Sharla Baldrige, County Judge, Hockley County, Texas, Hockley County Courthouse, 802 Houston Street, Suite 101, Levelland, Texas 79336, (806) 894-6856 (Voice Telephone). Copies of this RFQ also may be downloaded from the County's internet website at: <http://www.co.hockley.tx.us/page/hockley.Home>

4. Selection Process

The RFQ Response submitted by an Auditor will provide the information necessary for consideration and initial ranking by the County. The County, at its option, may request one or more Respondents to provide additional information or to be interviewed. Once the County has obtained the information needed, it will rank the Respondents. Contract negotiations will begin with the first ranked Respondent candidate in the manner required by law. The Commissioners Court will have the final decision regarding the selection of the Auditor for the Project; however, the County may reject any or all Responses submitted regarding this RFQ.

5. Licensure

All Respondents must have legally required and active Texas licensure so that all services required from them may be delivered in accordance with applicable law. Proof of licensure is required as a part of the Response to this RFQ, and Respondents shall submit photocopies of current licensure documents of all Respondent personnel who are anticipated to perform work on the project.

6. Inquiries

The County will try to answer written questions concerning this RFQ, but shall not be obligated to do so. If it is believed the scope of work contains an error or is unclear, the Auditor or forensic auditing firm may make a written inquiry by email, facsimile, mail, courier, or hand-delivery as herein provided. Answers will be delivered by the County by email, therefore, written inquiries shall contain the name and email address of the person to whom the County reply should be made. The foregoing shall not limit the County's right to issue addenda to the scope of work prior to opening of Responses, or to delay the date and time of said opening, in order to ensure that all potential Respondents are aware of and have had sufficient time to consider the addenda.

Questions regarding this RFQ must be submitted to the County on or before **October 2, 2020** at 3:00 p.m. County local time.

All questions regarding this RFQ shall be delivered in writing to the Hon. Sharla Baldrige, County Judge, Hockley County, Texas, Hockley County Courthouse, 802 Houston Street, Suite 101, Levelland, Texas 79336, (806) 894-6856 (Voice Telephone), (806) 894-6820 (Facsimile), [sbaldridge@hockleycounty.org](mailto:sbaldrige@hockleycounty.org).

7. Public Information

The County is subject to compliance with Chapter 552 of the Texas Government Code, the Texas Public Information Act. Any information submitted by a Respondent to the County is presumed to be public information and available to the public. Any information submitted to the County that a Respondent considers confidential must be marked "CONFIDENTIAL." If a request is made to review or obtain copies of the information marked Confidential under the Texas Public Information Act, the County will endeavor to advise the Respondent of the request. If requested by the Respondent, the County will ask for an Open Records Decision or ruling from the Office of the Texas Attorney General, as authorized by law; however, the Respondent, at Respondent's sole cost and expense, will be responsible for asserting any appropriate exceptions to disclosure and submitting briefing to the Office of the Texas Attorney General to support Respondent's non-disclosure position.

8. Waiver of Formalities

The County, to the extent permitted by law, reserves the right to: (a) reschedule, extend, or cancel this RFQ at any time; (b) reject any or all Responses; (c) waive any formality or irregularity in connection with the requirements of a Response; and (d) consider a Response not made in compliance with this RFQ, although the County will have no obligation to consider a noncompliant Response.

9. Exceptions

Respondents shall read and understand all terms and conditions in this RFQ. Exceptions to this RFQ, if any, must be submitted to the County at the time that a Response is submitted and not during the contract award process. By submitting a Response to this RFQ, a Respondent acknowledges that it has read and understands all terms and conditions in this RFQ.

10. No Reimbursement for Costs

The County will not reimburse a Respondent for any costs incurred in or as a result of the: (a) RFQ procedure; (b) submission or review of an RFQ Response; or (c) participation in the Auditor selection process regarding the Project.

11. Submission of RFQ Responses; Opening of Responses

Each RFQ Response shall be: (a) sealed; (b) marked on the outside of the submission envelope with "**Response of (Insert Name of Auditor or Forensic Auditing firm) to Hockley County, Texas Request for Qualifications No. 2020-002;**" and (c) addressed and timely delivered by mail, courier, or hand-delivery to the Hon. Hon. Sharla Baldrige, County Judge, Hockley County, Texas, Hockley County Courthouse, 802 Houston Street, Suite 101, Levelland, Texas 79336, on or before **October 9, 2020** at 3:00 p.m. County local time. RFQ Responses delivered after that deadline are subject to rejection by the County.

RFQ Responses properly delivered to the County shall be opened by the Commissioners Court at its public meeting on **October 13, 2020** at 9:00 a.m. County local time, at the Hockley County Courthouse, Commissioners Court Courtroom, 802 Houston Street, Levelland, Texas 79336. Thereafter, and at the same or a subsequent public meeting(s) as allowed by law, the Commissioners Court may conduct the evaluation of the Responses and the final selection of an Auditor or Forensic Auditing firm for the Project, as described in the RFQ. The County may reject any or all RFQ Responses submitted for the Project and may rely on all protections afforded the County within the competitive procurement procedure allowed by law.

Evaluation Methodology

12. Criteria for Evaluation

Proposals will be evaluated based on three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent that principal selection criteria which will be considered during the evaluation process.

In the event that oral interviews may be necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the County reserves the right to consider other factors in making a final selection of the firm that will serve the best interest of the County.

Based on the following criteria, the County, by and through its Commissioners Court and in its sole discretion and best business judgment, shall determine the Respondent or Respondents best qualified to perform the required services:

- A) 40 Points -- Qualifications will not be considered for further evaluation unless it meets all of the following criteria:
 - i) Must be independent and licensed to practice in the state of Texas;
 - ii) Must meet the independence standards of Government Auditing Standards, United States Government Accountability Office;
 - iii) Professional personnel are qualified;
 - iv) Has no conflict of interest with regard to any work performed by the firm for the County;
 - v) Has a record of forensic audit work; and
 - vi) Adheres to the instructions in this RFQ on preparing and submitting the proposal.

- B) 40 Points – Qualifications which have met each of the criteria in section 1 above will be evaluated on the following criteria:
 - i) Expertise and Experience:
 - (i) The firm's past experience and performance on comparable government engagements, with most consideration given to forensic audits of Texas Counties;
 - (ii) 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 support during consultation.

This should include:

1. Size and structure of the firm, including auditor positions;
2. Education, including continuing education courses taken during the past two (2) years; and
3. Years and types of experience.

ii) General direction and supervision to be exercised over the auditor by the firm's management.

iii) Audit approach.

- (i) Adequacy of proposed staffing plan for various segments of the engagement;
- (ii) Adequacy of analytical procedures; and
- (iii) Adequacy of sampling techniques.

C) 20 Points - References, Cost Control Experience, and Results. Respondents will be evaluated on satisfactory client references, budget, cost control, experience and results.

13. Acceptance of Evaluation Methodology

By submitting a Response to this RFQ, a Respondent: (a) acknowledges and accepts the evaluation process; and (b) understands that the determination of the most qualified Auditor will require the exercise of subjective judgment by the County.

14. Auditor Contract

The Auditor shall be selected by the County on the basis of demonstrated competence and qualifications to perform the requested services, as herein described. After the Auditor is selected by the County, the Parties will endeavor to enter into a contract for the Project in the manner provided by law, including Chapters 2254 and 2269 of the Texas Government Code. That contract shall: (a) define and describe the scope of services, the agreed-upon and reasonable fees for such services, and any reimbursable expenses, prior to any services being performed under the contract; (b) be drafted in a form and scope which is acceptable to the Parties; and (c) recite a fair and reasonable price for the services to be provided for the Project, however, the professional fees under the contract may not exceed any maximum provided by law.

Submittal Requirements

15. Incorporation by Reference

All statements and instructions (including submittal or procedural requirements) in the preamble, preliminary recitals, and prior paragraphs of this RFQ are incorporated by reference. All instructions and submittal or procedural requirements in this RFQ must be followed by Respondent when a Response is submitted to the County.

16. General Respondent Information

The Response must show Respondent's business name, principal business address, email address, and telephone numbers (voice and facsimile). The Response must include the name of any individual or agent representing the Respondent with regard to this RFQ, and that person's title, telephone number, and email address.

17. Statement of Interest

The Response must contain a statement of interest for this RFQ, including a narrative describing the Respondent's unique qualifications pertaining to the scope of services described for the Project. The firm should provide an affirmative statement that it is independent of the County

The firm should also list and describe the firm's professional relationships involving the County or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

18. Statement of Availability/Commitment

The Response must contain a statement of availability and commitment of the Respondent, its principals, and assigned professionals to undertake the services described in this RFQ for the Project.

19. License to Practice in Texas

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Texas.

20. Description of Work Experience

The Response must contain a description of the work experience and professional registration information for professional team members to be assigned for work on the Project. The response 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 the professional staff to be employed in this engagement on a full time basis and the number and nature of the staff to be employed on a part time basis.

Additionally, describe the firm's experience in the conduct of fraud or forensic audits, detail the qualifications and certifications of all personnel who will be assigned to the audit and list the forensic auditing standards that the firm follows.

21. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify 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 such person is licensed to practice as a CPA in Texas.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate the quality of staff over the term of the agreement will be assured.

The firm should provide as much information as possible concerning the qualification of non-CPA staff who will be providing services related to the forensic audit, such as investigators.

Audit personnel may be changed at the discretion of the respondent provided that replacements have substantially the same or better qualifications or experience.

22. Identification of Anticipated Potential Audit Problems

The response 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 County.

23. References

Each respondent must provide no less than three (3) client references for similar audits.

The list of clients must include the following information:

- Name and address of client;
- Name and current phone number of client contact who was directly involved with the audit; and
- Contract start date and duration.

The County will contact these references and references will be used in conjunction with the evaluation of the submissions.

24. Litigation/Investigation Inquiry

The Response must include answers to the following issues:

- (a) Has Respondent, any principal or professional thereof, or any other person associated with Respondent for the purpose of providing professional services, been involved in a dispute involving: (i) mediation, arbitration and/or litigation; or (ii) an investigation by a professional board, or state or federal agency, relating to a professional services contract or professional services performed?
- (b) If the answer to all or part of the above question is "Yes," Respondent shall provide a detailed explanation of those events, the basis for the dispute or complaint, and the resolution of those matters.

25. Additional Information

If requested by the County, a Respondent promptly must provide the County with any additional information reasonably required by the County to assist in its decision on the Respondent's qualifications.

26. Response Form

All Responses must be typed on 8.5 x 11 inch paper, but may include attached oversized drawings, photographs, or other documents at the discretion of a Respondent. Respondent must submit to the County: (a) the original Response, signed and executed by an authorized principal of the Respondent; and (b) five (5) copies of the Response.

27. General Requirements

A Response shall contain all information required by this RFQ and be submitted to the County in a timely manner and correct form, as herein described.

28. Conflict Disclosure

A Response shall contain sufficient statements and document copies to show that, prior to the Response submission, Respondent timely filed with the appropriate government office all conflict disclosure statements, disclosure and certificates of interested parties, or other documents required by: (a) Chapter 176 of the Texas Local Government Code; (b) Chapter 2271 of the Texas Government Code; and (c) Section 2252.908 of the Texas Government Code and Title 1, Sections 46.1, 46.3, and 46.5, of the Texas Administrative Code, relating to Form 1295/Texas Ethics Commission/Certificate of Interested Parties disclosure.

29. Additional Instructions and Statement

The County may require additional information or a personal interview from one or more Respondents in order to complete the selection process. If the County notifies a Respondent that it has been selected to provide additional information or participate in an interview, the County will provide Respondent with additional instructions.

[END OF RFQ]