

**BROWNSVILLE NAVIGATION  
DISTRICT OF CAMERON COUNTY, TEXAS**



**Request for Proposals for  
Pension Audit Services  
for  
The Retirement Plan for Employees of  
the Brownsville Navigation District**

**Release Date – November 14, 2018  
Proposals Due – December 12, 2018; 3:00 p.m.**

**(956) 831-4592  
1000 Foust Road Brownsville, Texas 78521**

**Notice**  
**Request for Proposals for Pension Audit Services**

NOTICE IS HEREBY GIVEN that proposals will be received by the Brownsville Navigation District of Cameron County, Texas, from Certified Public Accountant firms, licensed to practice in the State of Texas, desiring to be selected for pension audit services of the District's "Retirement Plan for Employees of Brownsville Navigation District" for its Fiscal Years ended December 31, 2017 through December 31, 2021.

Said proposals must comply with the requirements set out in the "Request for Proposals for Pension Audit Services" which may be obtained from the Director of Finance of the District.

All proposals must be sealed and delivered to the Director of Finance of said District, at the Administrative Offices of the District, located at 1000 Foust Road, Brownsville, Texas, 78521 before 3:00 p.m. on December 12, 2018. All submissions must be clearly marked on the outside of the envelope "**Proposal for Pension Audit Services.**"

THE RIGHT IS HEREBY RESERVED by the Board of Commissioners of said District to reject any and all proposals.

11/14/2018; 11/21/2018

**The Retirement Plan for Employees of  
Brownsville Navigation District  
Request for Proposals for Pension Audit Services**

November 14, 2018

To Managing Partner of Certified Public Accounting Firms:

Dear Sir or Madam:

The Brownsville Navigation District is accepting proposals from qualified Certified Public Accountant firms licensed to practice in the State of Texas to conduct independent audits of the financial statements of The Retirement Plan for Employees of Brownsville Navigation District (“Plan”) for the Plan’s fiscal years ended December 31, 2017 through December 31, 2021. ***The audits for fiscal years 2017 and 2018 will be a combined audit engagement.*** The audits are to be performed in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards issued by the Comptroller General of the United States.

The audit engagement for fiscal years ended 2017 and 2018 will be the first audit to be performed on the Plan.

The Plan’s audited financial statements will be filed with the Pension Review Board of the State of Texas.

We invite your firm to submit your proposal to us by December 12, 2018, at 3:00 p.m., for consideration.

**The Retirement Plan for Employees of the Brownsville Navigation District  
Request for Proposals for Pension Audit Services**

**I. BACKGROUND OF THE PLAN SPONSOR**

***General***

The Brownsville Navigation District d/b/a The Port of Brownsville (“District”) serves as the Plan sponsor. The District was created in 1929 by a special act of the Texas Legislature for the purpose of dredging a channel from Brazos-Santiago Pass to a point five miles from the City of Brownsville, constructing a turning basin and developing and operating a port facility.

***Form of Government***

The District is governed by a Board of Navigation and Canal Commissioners (Board) which establishes the policies, rules, rates and regulations of the District and approves all contractual obligations. The Board consists of five Commissioners elected at large by place for four-year, staggered terms. The Board elects its own Chairman, Vice Chairman and Secretary. Amendments to the Plan are made only with the authority of the District’s Board.

***Legislative Codes Governing the District***

While the District began operation under its own special legislation, the operation of the District is also subject to the Texas Water Code. The District is a Chapter 63, self-liquidating navigation district, and is subject to the provisions of Chapters 60 and 63 of the Texas Water Code.

***Texas Ethics Commission Form 1295 Disclosures***

Companies doing business with the District, a governmental entity, are required to file a “Disclosure of Interested Parties Form” (Form 1295). The successful firm will be required to file a Form 1295 prior to the Board approving the award of the engagement. Further information regarding this form may be found on the Texas Ethics Commission website, and instructions will be provided to the successful firm.

***Initial Audit – Fiscal years ended 2017 and 2018***

The Plan is subject to regulations that require that the audited financial statements of the Plan be filed with the Pension Review Board no later than 210 days after the end of its fiscal year, or July 30<sup>th</sup>. The audit of fiscal year 2017 will be the District’s first audit filing, and due to the timing of this RFP the District will require that the initial audit be a combined audit engagement for fiscal years 2017 and 2018. The District desires to have delivery of the final audit report for fiscal years 2017 and 2018 by May 10, 2019 and presentation of the final audit report to the full Board of Commissioners at the first Board meeting in June, scheduled to be held on or about June 5, 2019.

***Relationship with Pension Actuary***

Actuarial services for the Plan are provided by Rudd & Wisdom, Inc. The District has had a long-standing relationship with this firm. In preparing your proposal, be advised that the actuaries will provide information that is required for the purposes of the audit of the Plan.

**The Retirement Plan for Employees of the Brownsville Navigation District  
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***District Administration***

**Board of Navigation and Canal Commissioners**

John Reed Chairman Elected 05/10/2008 Term Expires May, 2020 Banker		Sergio Tito Lopez Vice Chairman Elected 05/10/2008 Term Expires May, 2020 Private Businessman
Ralph Cowen Secretary Elected 05/10/2008 Term Expires May, 2020 Private Businessman	John Wood Asst. Secretary Elected 05/10/2014 Term Expires May, 2022 Retired	Esteban Guerra Asst. Secretary Elected 05/05/2018 Term Expires May, 2022 Private Businessman

**Administration**

Eduardo A. Campirano – Port Director and CEO  
Donna Eymard – Deputy Port Director  
Steve Tyndal – Sr. Director of Marketing and Business Development  
Ariel Chavez – Director of Engineering Services  
Michael Davis – Harbormaster  
Deborah Lee Duke – Director of Administrative Services  
Carlos Garcia – Chief of Police  
Oscar Garcia – Director of Facilities Maintenance  
Lorena Hernandez - Director of Finance  
Jose Herrera – Director of Special Projects  
Jaime Martinez – Director of Human Resources  
Antonio Rodriguez – Director of Cargo Services  
Beatrice G. Rosenbaum – Director of Industrial Development

**Pension Board of Trustees Contacts**

Deborah Lee Duke – Secretary  
Donna Eymard – Pension Administrator

**The Retirement Plan for Employees of the Brownsville Navigation District  
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**Consultants and Advisors**

District Legal Counsel	Daniel Rentfro, Jr. Rentfro, Irwin & Irwin, PLLC Brownsville, TX
Bond Counsel	Dan Martinez Winstead, PC San Antonio, Texas
Pension Attorney	William M. Fisher Wilkins Finston Friedman Law Group, LLP Dallas, San Antonio, Austin, Texas
Pension Actuary	Mitchell Bilbe Rudd and Wisdom, Inc. Austin, Texas
Pension Investment Broker	Hunter Stanko Morgan Stanley San Antonio

**II. PROPOSAL REQUIREMENTS**

***General Requirements***

**1. Inquiries and Questions**

If any person contemplating submitting a proposal is in doubt as to the true meaning of any part of this Request for Proposals (RFP), they may submit to the District’s designated contact person for this RFP, Lorena Hernandez, Director of Finance, a written request for interpretation thereof. Requests for interpretation must be received by 5:00 p.m. on November 30, 2018.

From the date of the issuance of this RFP, anticipated to be November 14, 2018, until the selection of a firm is completed and announced, firms that intend to submit a proposal shall not contact any District staff, pension trustee or member of the District’s Board of Commissioners other than to submit written questions to the designated contact person, Lorena Hernandez, Director of Finance. Communicating directly or indirectly with any individual other than the designated contact person regarding the RFP process during this RFP process may result in immediate disqualification.

**2. Addendums to Request for Proposals**

If it becomes necessary to revise any part of this RFP, a written addendum will be provided to all firms who are known to be participating in the RFP process. Participants submitting a proposal must acknowledge on the Proposer’s Acknowledgement Form (**Appendix A**) the receipt of all addendums in order for their proposal to be considered. The District is not bound by any oral representations, clarifications, or changes made in the written RFP by the District’s employees, unless such clarification or change is issued in writing.

**The Retirement Plan for Employees of the Brownsville Navigation District  
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The RFP will be posted on the Port of Brownsville web site, under “Business with the Port/Procurement”. **It will be the responsibility of participants in the RFP who have not made their participation known to the District to verify that they have received all addendums.** All addendums will be posted to the Port of Brownsville web site on the day that they are issued to all other firms known to the District to be participating in the RFP. The last day that an addendum may be issued for this RFP is December 3, 2018.

**3. Insurance Requirements**

The successful firm shall not commence work under this engagement until all of the insurance required has been obtained and certificates of insurance are on file and approved by the District. Approval of the insurance certificates by the District shall not relieve or decrease the liability of the successful firm.

The successful firm shall provide and maintain for the duration of this contract, the following minimum coverage:

Type of Coverage	Limit of Liability
Worker’s Compensation	Statutory
Accountants and Auditor’s Errors and Omissions Insurance	\$10,000,000.00 each claim \$10,000,000.00 annual aggregate

**4. Submission of Proposal**

The proposal shall be submitted in a *sealed envelope*. Each envelope or package must be addressed as follows:

**Brownsville Navigation District  
Director of Finance  
1000 Foust Road  
Brownsville, Texas 78521**

On the front of each envelope shall be written the following words:

**“PROPOSAL FOR PENSION AUDIT SERVICES”**

Proposals must be received by the District’s Director of Finance by the deadline date and time listed on the cover of this RFP. No fax or e-mail proposals will be accepted. The District will not be responsible for missing, lost or late mail. Any proposals received after the time set as the closing time for acceptance of proposals will be returned to the firm unopened.

**The following elements must be included in order for a proposing firm to be considered:**

- **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 time period,
  - ✓ A statement of why the firm believes itself to be best qualified to perform the engagement,
  - ✓ A statement that the proposal is a firm and irrevocable offer.
  - ✓ A statement that the firm is independent of the District.

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- **Detailed Proposal** – The detailed proposal should follow the order set forth in this RFP and include all required statements and attachments.
- **Copy of the proposed engagement letter**
- **Listing of a minimum of three public entities with whom the Proposer currently provides pension audit services** - References are to include:
  - Public entity name
  - Name and title of contact
  - Contact phone number
- **Copy of the most recent external quality control review, with a statement whether that quality control review included a review of specific pension engagements.**
- **Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal and authorized to sign a contract with the District**
- **Notation of any deviations from the suggested specifications**
- **Completed Proposer’s Acknowledgement Form (Appendix A)**
- **Proposer’s Warrantees** – Executed copies of Proposer’s Warrantees (**Appendix B**)
- **Completed Vendor Registration form and Conflict of Interest Questionnaire (Appendix C)**
- **Listing of firm’s locations**
- **Any further comments the firm feels significant**

### **III. TIME REQUIREMENTS**

***Timetable** – This timetable is a best effort to set out the timeline for this RFP process. Circumstances may require adjustments in this timeline which will not be considered to be amendments to this RFP.*

1. This Request for Proposals is due to be released for action on or about Wednesday, November 14, 2018.
2. The last date for written clarification questions and requests for additional information to be received by the District’s Director of Finance is Friday, November 30, 2018.
3. The last date for the issuance of an addendum is Monday, December 3, 2018.
4. Proposals must be received by the District’s Director of Finance, no later than 3:00 p.m. on Wednesday, December 12, 2018.
5. Notification of Finalists will be no later than Thursday, December 20, 2018.
6. Interviews of Finalists will be held on or about January 2, 2019 and January 9, 2019 (if required).



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7. It is anticipated that the award of the engagement will be made at a meeting of the District's Board of Commissioners to be held at 5:30 p.m. on or about Wednesday, January 16, 2019. Proposing firms are welcome to attend this meeting, but attendance is not required.
8. It is anticipated that the successful firm will be notified on or about Thursday, January 17, 2019.
9. Audit work begins on or about February 1, 2019.

***Selection Process***

A committee of Brownsville Navigation District staff will evaluate the proposals submitted. A recommendation of finalists will be made to the Audit Committee of the Board of Commissioners ("Audit Committee"). The Audit Committee will consider the proposals submitted to them and will make their recommendation for the award of the engagement to the full Board of Commissioners.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Brownsville Navigation District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the engagement letter between the District and the firm selected.

***Term of Engagement***

The term of this engagement is for fiscal year ended December 31, 2017 through fiscal year ended December 31, 2021. This is for four audit engagements, as the first audit will be a combined audit engagement of the fiscal years ended December 31, 2017 and December 31, 2018.

This engagement may be renewed for an additional five fiscal years upon the consent of both parties.

***Subcontracting***

If the firm plans to subcontract any portion of audit work, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit engagement, no additional subcontracting will be allowed without the express prior written consent of the District.

**IV. NATURE OF SERVICES REQUIRED**

***Scope of Work to be performed***

The Plan requires the auditor to express an opinion on the fair presentation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America.

The auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

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The auditor shall also issue a report on compliance and internal control over financial reporting in accordance with Government Auditing Standards.

***Auditing Standards to be followed***

To meet requirements of this RFP, the audit shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Accounting Principles (GAAP) as set forth by the American Institute of Certified Public Accountants, reporting standards and statements set forth by the Governmental Accounting Standards Board (GASB), and the standards for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards*.

***Reports to be Issued***

Following the completion of the audit engagement the auditor shall issue:

1. An opinion on the Plan's financial statements and related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. A report on compliance and internal control over financial reporting in accordance with Government Auditing Standards.

In the required report on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as 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. Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

*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 of to the Board of Commissioners.

*Reporting to the Board of Commissioners.* Auditors shall assure themselves that the Board of Commissioners is informed of each of the following:

- The auditor's responsibility under U.S. generally accepted auditing standards
- Significant accounting policies
- Management judgements and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements

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- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

***Special Considerations***

The District will file the Plan’s audited financial statements with the Pension Review Board of Texas. No additional work is anticipated with this filing.

***Working Paper Retention and Access to Working Papers***

All working papers and reports must be retained, at the auditor’s expense, for five (5) years unless the firm is notified in writing by the District of the need to extend the retention period.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

The successful firm must maintain complete confidentiality of all records resulting from the audits and may not disclose or transfer such information to any party without the express written consent of the District.

The auditor may need access to confidential records of information. The auditor must institute adequate procedures to ensure that the required confidentiality is maintained, including access to such information within the firm. Such procedures must include clearly identifying any record of information contained in the audit working papers that the District has determined is confidential information, keeping those working papers in a separate binder and physically securing those working papers. All electronic working papers must be maintained in a secure environment.

**V. DESCRIPTION OF THE PLAN**

***Key Contact Person***

The auditor’s principal contact with the District will be Lorena Hernandez, Director of Finance, who will coordinate the assistance to be provided by the District to the auditor.

***Plan Organizational Structure***

Fiduciary responsibility for the operation and administration of the Plan is placed in a Board of Trustees, all of whom are active District employees. The Board of Trustees delegates the daily administrative functions to the District’s Human Resources and Finance Departments.

***Background Information***

The Retirement Plan for Employees of Brownsville Navigation District is a public single-employer defined benefit plan. It provides service retirement, disability retirement and death benefits for eligible participants, this includes all full-time employees of the Brownsville Navigation District.

**The Retirement Plan for Employees of the Brownsville Navigation District  
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As of December 31, 2017, the Plan has approximately 196 participants. Of this total, 99 were active (currently employed by the District) members, 37 are beneficiaries (including survivors), and an additional 60 members are eligible for future benefits but are not yet receiving them.

The Plan is a contributory plan and all active, full-time employees are required to participate.

1. **Federal and State Awards** – No Federal and State Awards were received by the Plan. The Plan is funded solely from the District, member contributions and investment earnings.
2. **Component Units** – No component units are included in the Plan’s financial statements. Information regarding the Plan is included as a Note to the Financial Statements in the District’s Comprehensive Annual Financial Report, which will be made available to the auditor.
3. **Fiscal Year** – The fiscal year for the Plan begins on January 1 and ends on December 31.
4. **Plan Net Position** – The Plan held a net position of \$4,344,648 as of December 31, 2017. The bulk of the plan net assets consists of investment assets. The responsibility for the investment of plan assets is vested in the Board of Trustees. The Board of Trustees uses Morgan Stanley as a trust custodian and investment advisor to provide expert advice on the investment of funds.
5. **Contributions** – Contributions are made to the Plan by the District and by all active full-time employees. The District withholds the contributions due from the paychecks of the employees and deposits the money to the Pension Plan bank account on a bi-weekly basis. The employees’ required contribution is 4% of their gross payroll. The District matches employee contributions at a rate of 150%. District contributions are deposited to the Pension Plan bank account at the same time as the employee contributions are deposited.
6. **Annual District Contribution Toward Unfunded Liability** – The Plan is under-funded. On an annual basis, the Plan’s actuaries calculate a recommended District contribution toward the Unfunded Actuarial Liability. The District makes bi-weekly payments toward this contribution during the year at the same time that the District’s contribution match is deposited into the Pension Bank Account. A reconciliation is performed in December and any additional contribution toward the recommended amount is made before the end of the fiscal year.
7. **IRC 401(a)** – Under IRS Code Section 414(d), the Plan is an IRC Section 401(a) retirement plan established and maintained for the employees of a political subdivision of the State of Texas. Contributions to the plan are exempt from income tax.
8. **Actuarial Firm** – The District employs an actuary to make an annual valuation. Rudd and Wisdom, Inc. currently provides actuarial services to the Plan and a current valuation will be provided to the auditors.

***Availability of Prior Reports and Working Papers***

The Plan has not been audited previously, no prior audit reports or working papers are available.

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**VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

***Finance Department***

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

***Work Area, Photocopying, Fax Machines and WIFI Access***

The District will provide the auditor with reasonable workspace. The auditor will also have access to photocopying facilities and a fax machine. WIFI access will be made available to the auditor.

**VII. ENGAGEMENT TIMELINE**

***Date Audit May Commence***

The District will have records ready for audit to begin by February 1<sup>st</sup> annually. The reports prepared by the Plan's actuaries will be available by March 1<sup>st</sup> annually. The records for the fiscal year 2017 audit, including the actuary's reports, will be available for audit upon the award of the engagement.

***Time for Audit Work***

The draft report should be submitted to the District staff for their review and comments no later than May 1<sup>st</sup> annually.

***Date Final Report is due***

The District staff will complete their review of the draft report as expeditiously as possible. Any comments to the management letter will be provided at this time. During this period, the auditor should be available for any meetings that may be necessary to discuss the audit reports including an exit conference. Hard copy reports must be submitted by May 10<sup>th</sup> for delivery to the Audit Committee of the Board of Commissioners and the Board of Trustees. Any findings addressed in the management report should be reviewed with the Audit Committee.

A representative of the firm must be available to present the report at the first June meeting of the Board of Commissioners, typically the first Wednesday of June. The first June meeting of the Board of Commissioners in 2019 is scheduled to be held on June 5<sup>th</sup>.

**VIII. PREPARATION OF THE PROPOSAL**

***Technical Proposal***

**1. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Plan in conformity with the requirements of this Request for Proposals. As such, the substance of the proposals will

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carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

The proposal should address all the points outlined in the Request for Proposals, including any cost information which should be included as part of the overall proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Proposals.

While additional data may be presented, the following subjects, items numbered 2 through 8 of this Technical Proposal section, and items numbered 1 through 4 of the Fee Proposal section (below), must be included. Together, these two sections represent the criteria against which the proposal will be evaluated.

**2. Independence**

The firm should provide an affirmative statement that it is independent of the District as defined by generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

The firm should also list and describe the firm's (or proposed subcontractors', if any) professional relationships involving the District 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.

In addition, the firm shall give the District written notice of any professional relationships entered into during the period of this agreement.

**3. License to Practice in Texas**

An affirmative statement should be included that the firm and the engagement partner are properly licensed to practice in Texas.

**4. Confidentiality**

The firm shall acknowledge that it may obtain confidential information and materials concerning the District, its employees, members and annuitants while providing audit services in connection with this RFP. Therefore, the firm and any affiliate, subsidiary, parent company, employee, agent or subcontractor shall maintain in strictly confidential manner any and all information or materials of any kind that are compiled, created, developed or otherwise obtained for the District. The firm shall certify that any confidential information obtained from the District shall not be made available, reproduced, sold, distributed or otherwise published or disseminated to any person or entity, except as is necessary for the firm to perform the services required by the RFP.

In addition, the firm or any affiliate, subsidiary, parent company, employee, agent or subcontractor may not contact or send information to any Plan member, annuitant or employee without the express written permission of the District. The firm must also agree to

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notify the District of any instances that the confidentiality of any information to which it has been given access has been breached.

**5. Firm Qualifications and Experience**

The proposer should state the size of the firm, the size of the firm's pension audit staff, the number of licensed Certified Public Accountants, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed on this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific pension engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall 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.

**6. 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.
- Indicate whether each such person is licensed to practice as a certified public accountant in Texas.
- Provide information on the pension 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.
- 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.
- Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements.

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Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

**7. Similar Engagements with Other Public Pension Systems**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

**8. 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 District's staff.

***Fee Proposal***

**1. Total All-Inclusive Maximum Price**

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

The District will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

The proposal should include the following information:

- a. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal and authorized to sign a contract with the District.
- b. A total all-inclusive maximum price for the audit engagement of Fiscal Years 2017 and 2018, Fiscal Year 2019, Fiscal Year 2020 and Fiscal Year 2021.

**2. Rates and Hours by Partner, Specialist, Supervisory and Staff Level**

The term of the contract will be for the audit of five fiscal years for the years ended December 31, 2017 through December 31, 2021. The proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (**Appendix D**), which supports the total all-inclusive maximum price for each year.

If there are services that are not described in the Scope of Work in this RFP but are required for the successful completion of an annual financial audit in accordance with professional auditing standards, those services should be sufficiently described in your proposal and explained as to necessity. Fees related to such additional scope of work must be separately itemized in your overall fee proposal.



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The proposer must also provide the basis for annual cost increases in subsequent years through the end of the five-year agreement.

**3. Out-of-pocket Expenses**

Reasonable out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed. All estimated out-of-pocket expenses to be reimbursed should be presented on the dollar-cost proposal in the format provided in the attachment (**Appendix D**). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

**4. Rates for Additional Professional Services**

If it should become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then 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 **Appendix D**.

**5. Manner of Payment**

Progress payments will be made monthly based on the percentage of work completed.

**IX. EVALUATION PROCEDURES**

***a. Committee to Review Proposals***

A committee of District staff will review and evaluate all proposals.

***b. Review of Proposals***

The committee will use a point formula during the review process to score proposals. The committee will only score proposals that meet the mandatory criteria described below in Section IX C.

The District reserves the right to retain all proposals submitted and to use any idea in a proposal regardless of whether that proposal is selected.

***c. Evaluation Criteria***

The Brownsville Navigation District will evaluate proposals on a qualitative basis. This includes a review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to the audit, results of discussions with other clients, and the firm's completeness and timeliness in its response to the District's questions.

Firms meeting the mandatory criteria will have their proposals further evaluated and scored for both technical qualifications and price. The following represents the principal selection criteria, which will be considered during the evaluation process.

**The Retirement Plan for Employees of the Brownsville Navigation District  
Request for Proposals for Pension Audit Services**

1. Mandatory Elements

- The audit firm is independent and licensed to practice in Texas.
- The firm has no conflict of interest with regard to any other work performed by the firm for the District.
- The firm adheres to the instructions in this request for proposal on 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 has conducted similar engagements for public pension systems in the past five years.

2. Technical Quality – Expertise and Experience

- 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.

3. Price (cost will not be the primary factor in the selection of an audit firm).

***d. Review by the Audit Committee of the Board of Commissioners***

The Committee of District staff members will determine a selection of finalists to be submitted to the Audit Committee for their review.

***e. Oral Presentations***

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

***f. Final Selection***

The Board of Commissioners will select a firm after reviewing the recommendations made by the Audit Committee. It is anticipated that a firm will be selected on or about January 16, 2019 at a regularly scheduled meeting of the Board of Commissioners. Following notification of the firm selected, audit work may begin immediately on the fiscal 2017 records, providing that certificates of insurance have been submitted and a final engagement letter has been executed.

**The Retirement Plan for Employees of the Brownsville Navigation District  
Request for Proposals for Pension Audit Services**

***g. Right to Reject Proposals***

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the engagement letter between the District and the firm selected.

The District reserve the right without prejudice to reject any or all proposals or any portion thereof and to accept the proposal deemed most advantageous to the District.

## **APPENDICES**

**APPENDIX A – Proposer’s Acknowledgement Form**

Having carefully examined the information, notices and specifications and conditions contained in this package, the undersigned Proposer's agent or representative hereby proposes and agrees to furnish pension audit services in strict compliance with these Request for Proposals. The Proposer affirms that, to the best of their knowledge, the proposal has been arrived at independently and is submitted without collusion with anyone to obtain information or gain any favoritism that would in any way limit competition or give them an unfair advantage over other proposers in the award of this proposal.

Addendums received:

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**Deadline for Submission: December 12, 2018 – 3:00 p.m.**

Proposer:	
Address:	
City, State, Zip Code:	
Signature of Proposer:	
Title with Company:	Date:

**APPENDIX B – Proposer’s Warrantees**

- A. Proposer warrants that it is willing and able to comply with State of Texas laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer warrants that it will comply with confidentiality requirements detailed in the RFP.

Signature of Official
Name (typed)
Title
Firm
Date

APPENDIX C – Vendor Registration Form and Conflict of Interest Questionnaire

**Brownsville Navigation District  
Vendor Registration Form**

*Please complete this form to give the District your contact information for use during an RFP process or to open or update a vendor account*

Date:	Name of Person Providing Information:
If you are currently participating in an RFP process for the District, please indicate the RFP title:	
If you are interested in receiving a notice when an RFP is available, please indicate your areas of interest:	
<input type="checkbox"/> Construction Contracts	<input type="checkbox"/> Security Services
<input type="checkbox"/> Property/Liability Insurance	<input type="checkbox"/> Bank Depository
<input type="checkbox"/> Group Insurance	Other:
<input type="checkbox"/> Salvage Offerings	
<input type="checkbox"/> Uniform Service	

Vendor Name	Web Site
Contact Person:	Fax Number:
Phone Number:	eMail Address:
Mailing Address:	Physical Address:

Form of Business <i>(Individual/Sole Proprietor/Partnership/Corporation/Other)</i>	Taxpayer Identification Number:
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Please return this form by fax to (956) 831-5106 or by email to [vendor@portofbrownsville.com](mailto:vendor@portofbrownsville.com)

\_\_\_\_\_  
Signature of Person Providing Information

This vendor is not a Listed Company as per Section 2252 of the Texas Government Code	_____ Signature of Purchasing Auditor
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**APPENDIX C – Vendor Registration Form and Conflict of Interest Questionnaire**

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b> For vendor doing business with local governmental entity		<b>FORM CIQ</b>
<p><b>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</b></p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	<b>OFFICE USE ONLY</b>	
<p><b>1</b> Name of vendor who has a business relationship with local governmental entity.</p>	Date Received	
<p><b>2</b> <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)</p>		
<p><b>3</b> Name of local government officer about whom the information is being disclosed.</p> <p align="center">_____</p> <p align="center">Name of Officer</p>		
<p><b>4</b> Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</p> <p align="center">A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p align="center"><input type="checkbox"/> Yes      <input type="checkbox"/> No</p> <p align="center">B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?</p> <p align="center"><input type="checkbox"/> Yes      <input type="checkbox"/> No</p>		
<p><b>5</b> Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.</p>		
<p><b>6</b> <input type="checkbox"/> Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</p>		
<p><b>7</b></p> <p align="center">_____ Signature of vendor doing business with the governmental entity</p> <p align="right">_____ Date</p>		



**APPENDIX D – SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**Combined Audit of Fiscal Years 2017 and 2018**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partners</b>				
<b>Managers</b>				
<b>Supervisory Staff</b>				
<b>Other (Specify)</b>				
<b>Subtotal</b>				
<b>Additional Services (Attach Detail on Subsequent Pages)</b>				
<b>Out-of-Pocket Expenses</b>				
<b>-Meals and Lodging</b>				
<b>-Transportation</b>				
<b>-Other (Specify)</b>				
<b>Total All-Inclusive Maximum Price for 2017 and 2018 Audit</b>				

**Audit of Fiscal Year 2019**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partners</b>				
<b>Managers</b>				
<b>Supervisory Staff</b>				
<b>Other (Specify)</b>				
<b>Subtotal</b>				
<b>Additional Services (Attach Detail on Subsequent Pages)</b>				
<b>Out-of-Pocket Expenses</b>				
<b>-Meals and Lodging</b>				
<b>-Transportation</b>				
<b>-Other (Specify)</b>				
<b>Total All-Inclusive Maximum Price for 2019 Audit</b>				

**APPENDIX D – SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**Audit of Fiscal Year 2020**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partners</b>				
<b>Managers</b>				
<b>Supervisory Staff</b>				
<b>Other (Specify)</b>				
<b>Subtotal</b>				
<b>Additional Services (Attach Detail on Subsequent Pages)</b>				
<b>Out-of-Pocket Expenses</b>				
<b>-Meals and Lodging</b>				
<b>-Transportation</b>				
<b>-Other (Specify)</b>				
<b>Total All-Inclusive Maximum Price for 2020 Audit</b>				

**Audit of Fiscal Year 2021**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partners</b>				
<b>Managers</b>				
<b>Supervisory Staff</b>				
<b>Other (Specify)</b>				
<b>Subtotal</b>				
<b>Additional Services (Attach Detail on Subsequent Pages)</b>				
<b>Out-of-Pocket Expenses</b>				
<b>-Meals and Lodging</b>				
<b>-Transportation</b>				
<b>-Other (Specify)</b>				
<b>Total All-Inclusive Maximum Price for 2021 Audit</b>				