



**REQUEST FOR PROPOSAL FOR  
ANNUAL AUDIT SERVICES INCLUDING FEDERAL SINGLE AUDIT**

**Issue date: February 1, 2021**

**Proposal deadline: March 1, 2021**

**PROPOSALS RECEIVED AFTER THE  
DEADLINE WILL NOT BE CONSIDERED**

## **Purpose**

The Board of Trustees of the Hospitality Industry Training and Education Fund (“HITEF” or “Trust Fund”) dba Hospitality Training Academy (HTA) is seeking to engage a firm to provide annual auditing services in connection with the Board’s annual reporting obligations, including preparation of a Federal Single Audit.

Notwithstanding other provisions of this Request for Proposal, applicants are hereby advised that this RFP is a solicitation of proposals only.

## **I. HITEF Background Information**

HITEF, which does business as the Hospitality Training Academy (HTA), is a labor-management trust fund regulated by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and organized pursuant to section 302(c)(6) of the Labor Management Relations Act of 1947. HITEF is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. HITEF provides training and apprenticeship programs to benefit both the members of UNITE HERE Local 11 (“Local 11”) and its contributing employers.

HITEF is governed pursuant to a Trust Agreement by a Board of Trustees comprised of equal numbers of representatives appointed by hospitality industry employers and by Local 11. Employers contribute to the Trust Fund pursuant to collective bargaining agreements with Local 11. The Board of Trustees meets on a quarterly basis, and day-to-day operations are conducted by a professional staff of approximately 17 employees led by an Executive Director, Adine Forman. A third-party administrator, Benefit Programs Administration (“BPA”), maintains the Trust Fund’s books and records. BPA also serves as third-party administrator for other labor-management trust funds that provide pension, health and welfare, and legal services benefits to Local 11 members. Payroll auditing services are provided by Henningfield & Associates on behalf of this entire family of trust funds. HITEF’s legal counsel is Gilbert & Sackman, a Law Corporation. HITEF files an annual Form 990 and California Form 199. HITEF does not currently file a Form 5500.

Local 11 members work for employers of hotels, airport concession companies, large event/sports venues, private universities, theme parks, restaurants, food service companies, corporate cafeterias, convention centers, and casinos. HITEF uniquely offers new and incumbent workers with the tools to succeed in Southern California and Arizona’s vital, high-growth hospitality industry, and provides training to place participants into jobs and then move the workers up the career ladders in this industry. The Local 11 membership is incredibly diverse, comprised of workers from many immigrant communities, as well as high percentages of African American, Latino, and Asian American workers. The members are predominantly women and people of color.

HITEF provides Registered U.S. Department of Labor (US DOL) and State of California Division of Apprenticeship Standards (DAS) Apprenticeship Programs for Culinary/Line Cook and Room Attendant/Housekeeper, and has received numerous grants to run specialized programs, including employment/workforce services and ESL/Workplace English programs. HITEF has received funding from various government agencies, including the US DOL,

Workforce Innovation and Opportunity Act (WIOA) funds from the State of California and local government entities, and California Employment Training Panel funding, as well as funds from private philanthropic foundations. With these funds, HITEF provides low-income job seekers with job skills training in hospitality occupations and employment assistance, including resume preparation, mock-interviews, and referrals to job opportunities that pipeline these clients into unionized hospitality jobs with good wages and benefits.

For more information, visit [www.LAHTA.org](http://www.LAHTA.org).

## **II. Audit Services Information**

### **Audit Specifications**

The audit report, including federal single audit, and financial statements for HITEF's plan year 2020 must be completed by July 1, 2021. The single audit report is required to be submitted to the Board of Trustees of HITEF and the Federal Audit Clearinghouse. The completed audit report may be submitted at an earlier date; however, if the Bidder fails to make delivery of the completed audit report by July 1, 2021 or if the Bidder does not conform to all provisions of the contract, authorized representatives of HITEF may, by written notice of default to the Bidder, terminate the whole or any part of the contract. HITEF's contract with the selected auditor will be subject to claims for breach of contract and professional liability in a case of non-performance, incorrect information or related conditions.

The single audit will include the financial statements of the governmental activities, each major special revenue fund and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements. A management letter addressing findings of noncompliance with 2 C.F.R. § 200, *et seq.*, ERISA, other related laws, rules and regulations pertaining to compliance items under the Workforce Innovation and Opportunity Act (WIOA) shall be prepared. The management letter should also include a statement of audit findings and recommendations affecting financial statements, internal control, accounting, accounting systems and any other material matters.

The Bidder shall furnish a progress report to the HITEF Director of Finance and Executive Director monthly while completing the audit. This report will describe progress to date and identify planned action to be taken that will lead to the completion of the audit within established timelines.

### **Required Annual Audit Services**

The following annual audit and reporting services, including preparation of a Federal Single Audit, are required for the Board commencing with the plan year beginning January 1, 2020 and ending December 31, 2020:

1. Annual Federal Single Audit services must fully comply with and respond to all requirements found in 2 C.F.R. § 200, Subpart F, in general and specifically 2 C.F.R. § 200.514 - 200.520.

2. Examination of financial statements prepared by HITEF staff and the third-party administrator and the books and records of the Board. Examination must be sufficient to satisfy all reporting requirements and auditing standards generally accepted in the United States of America (GAAS), to include statements of net assets available as of end of plan year 2020; the related statements of changes in net assets for the plan year then ended; and the related notes to the financial statements in connection with the Trust Fund's annual reporting obligations.
3. Preparation of an annual written report detailing the results of your examination of the financial statements and books and records, and expressing an opinion on whether the financial statements and supporting schedules are presented fairly in conformity with generally accepted auditing standards. In a separate written report accompanying your auditors' report on the financial statements, provide an opinion in relation to the financial statements taken as a whole:
  - Assets (Held at End of Year)
  - Assets (Acquired and Disposed of Within Year)
  - Loans or Fixed Income Obligations in Default or Classified as Uncollectible
  - Leases in Default or Classified as Uncollectible
  - Reportable Transactions
  - Non-Exempt Transactions
  - Schedules of Administrative Expenses
4. Preparation and filing of the annual Forms 990 and CA-199.
5. Preparation of the Federal Single Audit Report in accordance with 2 C.F.R. § 200.
6. Attendance at one or more meetings of the Board of Trustees annually, as and when the Trustees may require.
7. Other appropriate services normally performed by the auditor to a similarly-sized Trust Fund.

### **III. General Proposal Information**

#### **Proposal Process**

The Board of Trustees ("Board") is initiating a process for the selection of an auditing firm to provide annual auditing and related reporting services, including preparation of an annual Federal Single Audit in connection with the Board's annual Federal grant funding obligations. The proposal process will follow HITEF's procurement policy as well as 2 C.F.R. § 200. This professional services procurement activity will follow a two-step process:

Step 1 includes submission and evaluation of a firm's responsiveness to the RFP in the three key evaluation areas of:

- (1) relevant experience, audit plan and approach,
- (2) availability of staff with professional qualifications and technical abilities and recent past performance with single audits and Taft-Hartley fund audits, and
- (3) results of peer and external quality control reviews references and questionnaire.

Step 2 of the procurement process will include consideration of proposal price, which will be requested and considered only after evaluation of the offeror's proposal.

HITEF will make a positive effort to utilize small businesses, minority owned firms and women's business enterprises. The Board reserves the right to accept or reject any and all proposals received and is not required to accept the lowest bid or any unsolicited bids. The Board will meet for the purpose of evaluating the replies received in response to this RFP. Please have a representative available for a potential personal or Zoom interview in connection with this evaluation. You will be notified of the time and place of the interview, if requested, after all proposals are received. The full Board will make the final selection. The Board reserves the right to select no proposals, make no award, and resolicit proposals through a subsequent RFP.

Proposal documents are the property of the Trust Fund. They are to be used only by the firms to whom copies have been sent, and then, solely for the purpose of obtaining quotations for the services described herein. All proposals shall remain firm for at least ninety (90) days after the proposal closing date.

The cost for developing and preparing a proposal is solely the responsibility of the Bidder, whether or not any award results from this solicitation. Further, the cost of developing and preparing responses to this RFP will not be allowed as direct or indirect charges under any resulting contract. Notwithstanding other provisions of this RFP, applicants are hereby advised that this RFP is an informal solicitation of proposals only.

### **Proposal Requirements**

Please e-mail one completed, signed electronic PDF copy of the proposal to the Director of Finance, HITEF at [Jorge.Galvez@lahta.org](mailto:Jorge.Galvez@lahta.org), and also provide a copy to Annette Mora at BPA at [annettem@bpabenefits.com](mailto:annettem@bpabenefits.com). Proposals should be clearly marked "Proposal for HITEF Annual Audit Services." Questions are to be directed to Jorge Galvez.

PROPOSALS ARE DUE BY March 1, 2021. Late proposals will be rejected as untimely. It is the responsibility of the submitting firm to make sure the proposal is delivered electronically by the specified date above.

Submission of a proposal shall constitute acknowledgement and acceptance of all terms and conditions contained in this RFP. Any response to this request must be according to the instructions herein. All questions asked in the Questionnaire should be fully answered. Failure to adhere to the requirements may be cause for rejection of the proposal. An evaluation instrument and evaluation methodology will be used. The basic evaluation factors, equally weighted, are audit plan and approach, documented, recent past performance with federal single audits, experience in working with Taft-Hartley plans or partnerships, and assessment of proposal questionnaire.

This RFP does not commit the Board to award a contract or to pay any costs incurred in the preparation of any proposal responsive to this request. The Board reserves the right to accept all or part of any proposal or to cancel in part or in its entirety this RFP. The Board further reserves the right to accept the proposal that it considers to be in the best interests of the participants and beneficiaries of the Trust Fund. While price is a consideration, the Board reserves the right to award a contract on the basis of its overall evaluation.

It is the intent of the Board that no person or firm shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in the award and performance of any Board contract on the grounds of race, ethnicity, creed, religion, color, national origin, age, sex, sexual orientation, or gender identity.

## **Proposal Questionnaire**

In order for your proposal to be considered and accepted, your organization must provide answers to the questions presented in this section. Each question must be answered specifically and in detail. Reference should not be made to a prior response, or to your contract, unless the question expressly gives you that option.

### **1. Firm Background and Personnel Information**

- a) How long has your firm been operational?
- b) Please describe your firm's size, the locations in which it operates and the number of employees. Describe the background and experience of officers, managers, and professional employees, including experience in the Taft-Hartley training and apprenticeship trust fund area and their compliance with the eligibility, enrollment, performance, and other professional standards applicable to accountants.
- c) In what state(s) is your firm licensed to practice?
- d) Who will be the lead accountant on this account, and where will that individual be located? Who will provide services if that individual is unavailable? Who else will work on this account? Please provide a resume for each of these individuals.
- e) Please describe your professional staff's annual turnover during the past five years. What measures does your firm take to assure continuity of service?
- f) What are your firm's current errors and omissions and/or fiduciary liability insurance coverage levels?
- g) Does your firm have a fidelity bond or employee dishonesty insurance coverage for the activities of your employees? If so, what are the coverages?
- h) Describe your firm's experience as an auditor for Taft-Hartley training and apprenticeship and other Taft-Hartley plans.

- i) Please provide a brief description of your organizational structure, and summarize any plans your firm currently has for a merger or acquisition.
- j) In the last five years, has your firm or any of its employees been subject to any litigation concerning or affecting the business of the firm? Is any such litigation currently anticipated? If so, please explain.
- k) In the last five years, has your firm been the subject of any DOL findings or referrals, or any AICPA or State Society of CPAs ethics referrals?
- l) Please provide any other relevant information concerning the firm's expertise which you believe would be of interest to the Trustees.
- m) Please provide a copy of your firm's latest Peer Review Report, and the firm's response, if any.
- n) Give a brief description of your firm's financial structure, including ownership and general financial condition.

## **2. Firm Services**

- a) Does your firm perform Federal Single Audit auditing services in accordance with 2 C.F.R. § 200, *et seq.* requirements? If so, please describe the process involved and the number of like audits performed last year.
- b) If retained, will the firm provide all the services listed under Required Annual Audit Services, above? If not, please explain.
- c) Would your firm be willing to prepare an annual Form 5500 for the Trust Fund if the Board of Trustees decides to begin filing such form in light of the Department of Labor's new Form T-1 reporting requirement?
- d) Does your firm plan to sub-contract any portion of the services required to another firm? If yes, please answer the following:
  - 1) Which of the services would be sub-contracted and to whom?
  - 2) Will your firm take responsibility for the quality, timeliness and accuracy of these services?

## **3. Quality Assurance**

- a) Describe your firm's quality assurance procedures.
- b) Describe your firm's method for problem resolution, both for internal problems and Board problems.

- c) Is your firm and each CPA member of your proposed audit engagement team a member of the AICPA? For how long? Is your firm a member of the AICPA Employee Benefit Plan Audit Quality Center? For how long?
- d) Does your firm meet the independence standards of the AICPA and the DOL?
- e) Please describe your firm's document retention, electronic record-keeping, and access policies and requirements.

#### **4. Organizational Experience**

- a) Please list the number of years your firm has provided audit services for Taft-Hartley plans. Additionally, list the number of years your firm has provided Federal Single Audit services in accordance with 2 C.F.R. § 200, *et seq.*
- b) Please provide three references, preferably including Taft-Hartley training and apprenticeship funds and organizations for which your firm has prepared Federal Single Audits (2 C.F.R. § 200, *et seq.*). Please include the name of the Trust Fund or organization, size of the Trust Fund or organization, type of services provided, and contact information.
- c) Please submit at least two additional references from professionals (administrators, consultants, attorneys, or others) with whom your firm deals in audits Taft-Hartley plans.
- d) In the last five years, has any Taft-Hartley plan terminated the services of your firm? If so, please provide the name(s) along with the reasons for such termination.
- e) Please describe the process your firm would use in conducting the annual audit, including the Federal Single Audit, including a summary of standard audit and testing procedures to be used. Provide a timetable of significant events for the audit.
- f) Please provide a sample audit report meeting the standards of a Federal Single Audit.
- g) Please provide a sample engagement letter outlining the services you intend to provide if your firm is selected to conduct the audit and prepare the government filings.

#### **Proposal Fees**

Please provide an annual fee quote for all of the services set forth in the RFP using standard industry fee format. Include any related services as needed, including start-up costs, travel expenses to board meetings located near Downtown Los Angeles, hourly rates. As an option, fees for second- and third-year engagements may also be included.