



South Orange County Community College District

**RFQ&P No. 4313-2021:
Independent Audit Services**

Addendum No. Two (2)

January 21, 2022

**Nick Newkirk
Purchasing and Contracts Manager**

Note:

All documents remain unchanged except section or parts added to, revised, deleted and/or clarified by this Addendum.

1. The responses to the Requests for Information received as well as the responses to the questions asked during the optional pre-proposal meeting on January 19, 2022 are shown below:

Q1: What is the general timeline for site visits by your current auditors?

A1: Preliminary fieldwork typically occurs for approximately one week in April at the District office, with state and federal compliance work occurring during the May/June timeframe at the respective college sites. Final fieldwork is typically completed in late August/early September at the District office.

Q2: What were the prior year audit fees for the most recent audits for each item within the scope of work?

A2: For FY 2020/21, following were the agreed upon audit fees:

District - \$113,900

Foundation for SOCCCD (including preparation of tax return) - \$2,300

Saddleback Foundation (including preparation of tax return) – \$9,400

Irvine Valley Foundation (including preparation of tax return) - \$6,400

ATEP Facilities Corporation (preparation of tax return, only) - \$750

Q3: Is there any anticipation of significant changes to the District's operations (additional bond issuances)?

A3: We do not anticipate any significant changes to the District operations that would impact the independent audit services provided.

Q4: Does the District prepare any of the conversion entries for financial statement presentation?

A4: No, we expect the audit firm selected to prepare the conversion entries for financial statement

presentation each year.

Q5: On Proposal Form A – it indicates that the letter of interest and approach to be 1 page limit, as well as the cover letter. Are firms allowed to provide additional responses to the Proposer Firm Information of the form.

A5: There is no page limit for the Proposer Firm Information.

The following questions are from Crowe LLP:

Financial and Compliance Audit related questions:

Q6: How many weeks historically have your auditors spent on-site?

A6: In a non-pandemic year, preliminary fieldwork has typically had one-week onsite and final fieldwork has had two weeks onsite, at most. However, given that we provide access to our Workday Finance system to our audit firm, and that we utilize document imaging extensively, we anticipate that the vast majority of the work can be done remotely cutting that time down even further.

Q7: Is the current audit firm invited to bid in the RFP or are you requiring rotation?

A7: Yes, they are invited to bid in the RFP. The District is not requiring rotation.

Q8: Will the District require assistance with implementation of GASB 87? How many leases are in place at the District?

A8: The District is currently working on the implementation of GASB 87 internally. We will require assistance from our audit firm to assess the work that we perform internally, but will not expect the firm to complete the work entirely for us. We have approximately 25 lease contracts and 7 revenue contracts as the lessor at this time.

Q9: You included in scope ATEP audit, anticipating activity commencing 2023/2024; this is difficult to propose a quote on without an understanding the nature or level of activity. Are you requiring an hours and fee quote at this time? If so, please provide any information for use as a basis for such quote (budgeted level of activity/revenue/asset size, etc.).

A9: The ATEP Facilities Corporation is the conduit for collecting common area expenses (similar to HOA dues) for the tenants leasing at ATEP. We anticipate a first year budget around \$300,000 - \$350,000. The expenditures will be for landscaping, security, lighting, etc. All contracts will be sourced by the District and reimbursed by the ATEP Facilities Corporation.

Q10: Are there any plans for the District to issue general obligation bonds or other debt within the next fiscal year? If so when and what type and approximate amount.

A10: No, the District does not have plans to issue general obligation bonds or other debt within the

next fiscal year. The District is a community-supported (“basic aid”) district and utilizes these funds for our capital program and long-term debt commitments.

Q11: Are student services centralized (student financial aid) or is this function separate to each individual college?

A11: The disbursement of financial aid is centralized at the District accounting office, but the administration of financial aid is handled at each individual college.

Tax related questions:

Q12: Regarding your relationship with your current tax services provider:

a. What is your current process for providing information for your Forms 990 to your tax preparer? Specifically:

- What are the roles and responsibilities of each internal individual involved in the tax process?
- What software(s) are utilized internally?
- What is the typical timeline for tax preparation and filing?
- Are there any pain points in your current process?

A12: Tax information is provided by the Foundation offices directly to our audit firms, with the exception of compensation data, which is provided by District Payroll. Information provided by the Foundation offices is provided in Excel spreadsheets and is maintained in donor software that they license. Extensions for Foundation tax returns are typically filed and have been completed after the audits have been finalized. It is the District’s preference to complete all tax returns as soon as possible after the end of the calendar year, preferably by January 31 annually. There are no significant pain points to speak of, simply a goal to complete the tax returns as soon as possible after the end of the calendar year.

Q13: What is the current process for reviewing new revenue streams for unrelated business income tax implications?

A13: This is typically a discussion that occurs between the audit firm and the District and the respective Foundation at the time of preliminary fieldwork to determine if there have been, or if there will be, any new revenue streams that could trigger unrelated business income tax or other revenue reporting requirements.

Q14: Has ATEP Facilities Corporation received its tax exempt status?

A14: No. The District is currently awaiting response from the IRS and Franchise Tax Board related to its applications for tax-exempt status for the ATEP Facilities Corporation. However, we have been verbally told that the Franchise Tax Board has approved it.

PCI compliance related questions:

Q15: Can you please provide an overview of the different methods that your organization stores, processes, transmits and/or can impact the security of cardholder data? Please list all known channels involving cardholder data.

A15: The District's policies do not allow cardholder data to be stored. It has also been the strategic direction of the District to outsource credit card processing whenever feasible. If cardholder data must be transmitted via our network, segmenting and isolating PCI data is implemented.

Q16: Have you ever been through a PCI assessment or onsite assessment (performed internally or by a QSA)?

A16: The PCI and onsite assessments are currently in progress.

Q17: If your organization has been through a previous year assessment, are there any particular pain points as part of the review in regard to meeting compliance or project execution?

A17: Unknown at this time – our PCI and onsite assessments are currently in progress.

Q18: Are all systems centrally managed under the same enterprise information technology department?

A18: There is a mix of campus supported technology and centrally supported technology.

Q19: Is your organization fully reliant on third-party service providers for managing any aspects of PCI compliance? (i.e. fully hosted web-site, managed service provider managing hardware, etc). If so, can you please provide detail about which aspects are managed by a third-party?

A19: The strategic direction of the District is to outsource credit card processing whenever feasible.

Q20: Are systems that impact Cardholder Data Environment (CDE) segmented on the network? (i.e. do you have a separate CDE/VLAN/segment or is your network flat?)

- a. If so, how many PCI specific segments exist?
- b. If so, how is that segmentation being achieved?

A20: Yes, segmenting, and isolating cardholder data is a top priority for the District. Additional details cannot be provided at this stage, but will be provided to the awarded firm.

Q21: How many in-scope applications are being utilized to store or transmit payment card information?

- a. Are they developed in-house or do you have source code to modify the application?
- b. If third party software, are they PA-DSS/P2PE compliant (please specify)?

c. Of these applications how many are web applications (please specify the no. of externally facing, no. of internal facing, and/or both internal and external use please)

A21: Approximately 20.

- a. No
- b. Yes
- c. Approximately 1/3 of in-scope applications per category

Q22:

Do you store cardholder data or tokens? If so, which applications store cardholder data/tokens (please specify which are stored PAN/Tokens on each application/database)?

a. If cardholder data is stored, how many databases store cardholder data? Please list the types of database systems used for temporary or permanent storage of card data and an estimated number of each type of database.

A22: As policy, cardholder data is not stored by the district.

Q23: If calls occur where cardholder data is spoken over the phone, can you please clarify the following:

- a. Do the calls maintain information (voice recordings) of calls where credit/debit card information was spoken? If so, in what format of files? Are the files searchable?
- b. Is VoIP used for these calls?

A23: a. It is the direction of the district not to send or receive cardholder data spoken over the phone.
b. The district uses VOIP.

Q24: Please provide the number and description of hardware in scope for PCI (please include all servers, databases, as well as the number of infrastructure devices).

A24: Approximately 10 digital interfaces. Number of PoS devices is not known.

Q25: How many physical locations do you consider in scope? This should include duplicate operational infrastructure, backup, fail-over or redundant sites housed in a second physical location (i.e. another city), and/or additional operational sites in different geographic regions.

A25: 2 physical campuses would be considered in scope.