

RFP Audit Services

The Big Spring School Board is requesting proposals for Audit Services in accordance with the following conditions and specifications. Proposals are due prior to close of business on **April 10, 2020** and titled "Audit Services RFP". Big Spring School Board reserves the right to waive any or all technicalities in the RFP. Proposers will guarantee their RFP price will remain firm for 60 days from date of RFP due date. The Big Spring School Board reserves for itself the right to accept or reject any or all proposals and to determine for itself what shall be acceptable as equals. If there are any questions concerning item description, quantity or other aspects of these specifications, please call Rick Kerr at 717 776 2404 or email at rkerr@bigspring.k12.pa.us

REQUEST FOR PROPOSAL FOR AUDIT SERVICES

Document Purpose

The purpose of this request for proposal is to provide interested audit firms with sufficient information to enable them to prepare and submit proposals (i.e. quotations) for consideration by the Big Spring School District for auditing services for the school district fiscal years: 2020, 2021, 2022 and 2023.

District Contact

The point of contact with Big Spring School District is Rick Kerr or Caleb Barwin at 717 776 2407 or cpbarwin@bigspring.k12.pa.us.

Incurred Proposal Costs

The school district is not liable for any cost incurred by audit firms prior to the issuance of an agreement or contract.

GASB Compliance

The Audit Firm will need to supply audit/financial statements in compliance with the most recent and applicable GASB standards. The work shall satisfy all federal, state and local requirements for an annual Single/financial statement audit. The District prepares its audited annual financial statements in compliance with GASB Statement applicable to State and Local Government such as GASB #68 and #75.

Response Date for Proposals

In order to be considered for selection, Audit Firm proposals for auditing services must be received not later than **close of business on April 10, 2020** to rkerr@bigspring.k12.pa.us or 45 Mt Rock Rd, Newville PA 17241.

RFP Audit Services

Qualifications

The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the task required. The Commonwealth of Pennsylvania has defined qualified auditors to perform Single Audits to be Certified Public Accountants (CPA) or Public Accountants (PA) who are: (1) Registered under Act 140 P.L. 318, May 26 1947, entitled "The CPA Law", as amended by Act 286, P.L. 1280, dated December 8, 1976; and (2) conforming to the independence requirements and professional standards promulgated by *Government Auditing Standards*, issued by the Comptroller General of the United States.

And:

- Shall have no obligations or interests that conflict with the best interests of the District;
- Shall have successfully complied and be currently in conformity with the membership requirements of the Private Companies Practice Section of the American Institute of Certified Public Accountants quality control program; (or comparable quality control program)
- Shall have the professional proficiency to provide the services requested herein;
- Shall have credible experience auditing Pennsylvania school districts;
- Shall be familiar with the Pennsylvania School Systems Manual of Accounting and Related Financial Procedures, the PA Public School Code of 1949, as amended; and with the Federal and State Single Audit Act regulations and guidelines and recent bulletins and directives related to school finance issued by the Pennsylvania Department of Education (PDE) and the PA Auditor General's Office.
- Shall be knowledgeable of the regulations and accounting statements of the Governmental Accounting Standards Board. The District prepares its audited annual financial statements in compliance with GASB Statement applicable to State and Local Government such as GASB #68 and #75. Therefore, the District's audit firm will need to provide audit services that assist the District with compliance. The proposal shall indicate the firm's knowledge and experiences with the above mentioned GASB Statement audited statements with other governmental entities.

Partnership

The successful bidder will understand the importance of partnership and demonstrate a commitment to ongoing client education, before, during and after the audit. It is expected that the audit firm will make themselves available for activities, such as a booster group education session, as needed and billed separately.

Informality of Bid and Acceptance, Rejection or Selection of Quotation

The School District expressly reserves the right to reject any or all proposals, to waive any informalities or irregularities in the proposals, and to accept that proposal which is in the best interest of the School District. All pricing must be held for 60 days. The District reserves the right to negotiate terms and conditions.

RFP Audit Services

Acceptance by the District

The School Board will consider the auditing proposals at a regularly scheduled meeting following the due date of this request for quotation. An interview with the review team and/or Finance Committee may be required.

In determining the winning audit firm the following will be considered:

1. Evidence in proposal that the submitting firm clearly understands the scope of the audit services to be performed.
2. Technical experience of the firm.
3. Qualifications of the audit staff.
4. Size and structure of the firm.
5. Costs quoted to perform the specified audit services.

General Scope of Work

The audit will cover all programs of the School District including but not limited to the general fund, food service fund, athletic fund, student activity funds, capital reserve fund, debt service fund, construction funds and Federal programs. All final statements must be prepared by the audit firm in compliance with GASB, PA and PDE guidance.

Audit Standards

The examination of the District's records shall be done in accordance with generally accepted auditing standards, as adopted by the AICPA and GASB Statement No. 1, "Codification of Auditing Standards and Procedures", for state and local governments.

Retention of Audit Working Papers

The Audit Firm shall retain work papers and reports for a minimum of six (6) years from the date of the audit report. An appropriate Federal or State Agency or the school district must make audit work papers available upon a request.

Access to Audit Working Papers

The school district and any appropriate Federal or State Agency shall have free and unrestricted access to the work papers, records, other supportive documentation and reports prepared, or in the process of being prepared, in connection with the audits performed under this proposal. Free and unrestricted access to and the right to require submittal of the documentation to school district or appropriate agency shall exist during the contract term and shall continue for six (6) years from the date of submission of the final invoice or until litigation, audit or claim has been fully resolved, if later.

RFP Audit Services

Time limit of Audit

The Audit Firm shall execute and complete the annual audit between July 1st and October 15th of the subsequent fiscal year, such that those adjusting entries, fund level statements, and other schedules necessary to file the Annual Financial Report (PDE 2057) to the Commonwealth of Pennsylvania are available not later than October 20th. The completed set of reports must be provided to the District electronically (PDF) and in bound form no later than the first Board meeting in December.

Cost and Pricing Data

Proposals must be for a total amount for the audit of both Non-Federal and Federal Programs. Fee structures for staff and related costs should be included in the event that the school district requests the Audit Firm to do additional work.

Unacceptable Work

If the Audit Firm's audit reports are determined to be unacceptable by the school district the Audit Firm may, by written request, be required to re-audit at its own expense and submit a revised acceptable audit report. The school district has the right to reject the Auditor's audit report for one (1) year after the school district has submitted the audit report to State and Federal agencies. If the Audit Firm fails to comply with any of the terms of this proposal, the school district may terminate this contract.

Audit Report Distribution

The Audit Firm shall file on behalf of the school district the Annual Auditor's Report to the Commonwealth of Pennsylvania, the Federal Bureau of Audits and other required Federal agencies. The Audit Firm shall provide assistance to the school district in completing the Annual Financial Report that must be filed by the district with the Commonwealth. The awarded firm must be adept in assisting and providing a final review of the CFRS document and completion of the submission checklist. We are looking for a partner that can and will do whatever is necessary to take us to this level.

Fraud and Illegal Acts

If, during the course of the examination, the auditors uncover indications of possible fraud or other illegal acts, the auditors shall immediately notify the officers of the Board of School Directors and appropriate State and Federal agencies in writing. The auditors shall perform sufficient fieldwork to be able to clearly describe and document the situation.

Advisory Assistance

The Audit Firm shall be available to provide advisory assistance to school district administration throughout the school year including but not limited to assistance with audits of State and Federal agencies. The school district will maintain its financial records and the Audit Firm will advise as may be necessary to enable the school district to comply with the requirements of regulatory agencies.

RFP Audit Services

The District requests a pre-audit meeting in May or early June to meet with the audit team leader to discuss and GASB or other changes, schedule field work and coordinate a draft audit schedule.

The Audit Firm will provide year end adjusting journal entries to district business staff, assist in reconciling accounts as needed and assist in the preparation of yearend financial statements and Annual Financial Report as needed. *The successful firm will clearly understand the District's lean structure and plan accordingly.*

Execution of this "Request for Proposal"

This "Request for Proposal" shall be executed per Annex B by the following:

1. As an individual auditor (he/she shall sign the proposal personally).
2. As a partnership or corporation signed in the name of the firm by a partner.

Reference:

Annex A - Scope of Audit

Annex B - Proposal Format

Annex C - (Link to) [Historical Financial Documents](#)

<https://www.bigspringsd.org/Page/147>

Appendix A - Scope of Audit

The District funds to be audited are as follows:

- General Fund
- Special Revenue Funds: Capital Reserve Fund
- Enterprise Fund (Cafeteria)
- Trust and Agency Funds
- Other fund, if applicable

The auditor shall observe the adequacy of the District's systems of internal control. Any material weaknesses shall be noted and appropriate recommendations shall be reviewed with the Director of Business Affairs and the Superintendent of Schools. Recommendations shall be included in a Management Letter to the Board of School Directors.

The audit draft report shall be completed no later than December 1 of each year, with final report completed before December 20 to ensure on time EMMA filing. At no additional cost to the District, a final audit report shall be presented by an authorized representative on behalf of the audit firm to the Board of School Directors at their regularly scheduled Public Work session in December.

The District shall reserve the right to request copies of any of the working papers prepared in conjunction with the audit engagement at no additional cost to the District. Such working papers shall be provided on a timely basis, regardless of the status of any current agreements between the District and the audit firm.

The audit shall include a Single Audit, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Audit confirmations will be drafted by the audit firm, approved by the District with mailing and receipt as agreed to by the firm and the District.

Appendix A - Scope of Audit

Non-Federal Programs Scope of Work

The audit will encompass a financial and internal control audit of the financial records and systems of the school district for the school year ending June 30th. The audit report must give an opinion on the fair presentation of the district's basic financial statements in accordance with generally accepted accounting principles and must include a review of the internal controls of the school district's accounting systems which might include a review of the following:

- Board Minutes
- Verification of receipts
- Expenditures
- Journal entries
- Budget transfers
- Payroll system
- Verifications of assets and liabilities
- Reconciliation of bank statements and investments
- Subsidiary records including insurance

The audit firm shall provide to the school district a separate Management Letter listing recommendations for improvements in school district procedures. The Management Letter will include specific reasons why the audit firm is suggesting changes to the district procedures. The Management Letter will incorporate the District's response, if applicable.

The audit firm shall provide to the Board of School Directors a certified audit of the school district's financial records encompassing all funds, including the Food Service Fund and the Student Activities Fund. The district Business Administrator/Chief Financial Officer Affairs shall determine the number of bound copies of the report that the audit firm shall provide. An electronic form of the final documents as PDF files are also required to be delivered with the final document. The basic financial statements must include (or their successors, as determined by GASB):

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Statement of Fiduciary Net Position – Fiduciary Funds
- Expanded Notes to Financial Statements as required by GASB
- Required Supplementary Information
- Budgetary Comparison Information (Budget and Actual) – General Fund

Appendix A - Scope of Audit

Preparation of the basic financial statements shall include the following:

- Implementation of GASB Statement 75
- Implementation and deferral calculations related to GASB Statement 68
- Fixed asset review and adjustments related to GASB 34

Federal Programs Scope of Work

The audit will also encompass a financial and compliance audit as outlined in the Single Audit Act of 1984. For a review of each program's compliance, the Audit Firm will use the Compliance Supplement for Single Audits of State and Local Governments, and AICPA Audit and Accounting Guide for Audits of State and Local Governmental Units, and the PDE Audit Guidelines for Single Audit. As required, the Audit Firm shall design its own procedures to supplement existing audit steps in order to form an opinion.

In addition to the audit guides, the Audit Firm shall apply its own audit standards and procedures and those developed by the American Institute of Certified Public Accountants (AICPA), "Generally Accepted Auditing Standards", and (Statement of Auditing Standards (SAS) Number 1. Codification of Auditing Standards and Procedures) and those developed by *Government Auditing Standards* and OMB Circular A-133.

Federal Programs Opinion

The Audit Firm shall perform sufficient work to issue a report and render an opinion. All audit work, which can be performed on existing records, must be completed in accordance with the pertinent audit guides. Findings shall be made, costs questioned or recommended for disallowance, corrective measures recommended, and a report issued. All reports shall contain the appropriate Opinion or Disclaimer of Opinion in accordance with AICPA Audits of States and Local Governments.

Single Audit Report Package

The Single Audit Report Package, which may be combined with the financial statements, shall contain the following items.

- Single Audit Report Distribution List (agencies which will receive the Single Audit Report)
- Transmittal Letter
- Opinion on Basic Financial Statements
- Report on Compliance based on an examination of Basic Financial Statements performed in accordance with *Government Auditing Standards*
- Report on Internal Accounting Controls at the Basic Financial Statement Level
- Opinion on the Schedule of Expenditures of Federal Awards
- Schedule of Expenditures of Federal Awards
- Report on Internal Control (Accounting and Administrative) applicable to each major program

Appendix A - Scope of Audit

- Report on Compliance with Laws and Regulations Related to Major and Non-Major Federal Programs
- Schedule of Findings and Questioned Costs
- Response and Corrective Action Plan
- Report on the Status of Prior Year's Compliance Findings and Internal Control Weaknesses
- The audit firm shall consult with the District regarding any corrective action, finding or internal control weakness in enough detail enabling a relevant and meaningful response plan by the District.

Appendix B – Proposal Format

Information Requested

In order to facilitate a uniform audit proposal review process and maximize comparability, it is required that the audit firms submitting proposals organize their proposal in the following manner:

1. Title Page – State that the document is a “Proposal for Audit Services” and list the following; date, audit firm name, local address, telephone number, and contact person.
2. Table of Contents – Identify the contents by section and page number.
3. Letter of Transmittal (Limit to one or two pages) – Briefly state the proposer’s understanding of the work to be done and make a positive commitment to perform the work within the required time period.
4. Profile of the Audit Firm – State whether your audit organization is national, regional or local. Indicate the number and level of people from the closest office that will perform the audit. Provide a reference list of public school district audit clients indicating the type of service performed, years of engagement, contact person and phone number. (Limit to five most relevant references)
5. Describe your firm’s participation in AICPA sponsored quality control programs.
6. Describe your firm’s approach to the audit including at least the following:
 - a. Type of audit program used.
 - b. Use of statistical sampling.
 - c. Use of computer audit specialists.
 - d. Organization of audit team and approximate time to be spent on the audit.
 - e. Provide a sample “management letter”.
 - f. Provide a sample of a “district information or records request list”.
 - g. Provide a tentative audit activity schedule for the next school year’s audit.
7. Auditors Experience Summary – Describe the public school audit experience of each person to be assigned to the audit.
 - a. Include position level held while on each audit.
 - b. Indicate the estimated time each auditor will be on- site.
 - c. Provide data showing turn over in entry-level auditors for the last 3-years.

Appendix B – Proposal Format

Return this page as Page 1 of your Auditing Services Proposal

Name of Firm	
Address	
Contact Person	
Contact Email	
Contact Phone	

FIRST, the undersigned have carefully examined the Request for Proposal for Auditing Services in accordance with the specifications of the proposal submit this proposal and agree to furnish and perform the specified audit services for the school district within the time limits specified for the amounts indicated below.

SECOND, the undersigned agree to enter into a written contract to furnish such materials and services as required in the proposal specifications.

THIRD, the following quotation prices are listed as firm for a period of sixty (60) days after the due date of this request for proposal.

FOURTH, the audit firm agrees to maintain a record of their audit time by Federal Program so that the cost of the audit can be allocated to various Federal Programs.

FIFTH, if services are performed by the audit firm in addition to the specified audit services, the audit firm will supply time records and service descriptions to validate any invoiced charges.

SIXTH, no plea of mistake for this proposal shall be made available to the undersigned audit firm. No proposal may be withdrawn before sixty (60) days from the due date of this proposal.

SEVENTH, the audit firm's staffing fee structure, hourly rates and other costs will be as follows:

Signature