

PROPOSAL REQUEST FOR AUDIT SERVICES

Background

The South Central Trust (SCT) was formed in 1997 in order to provide a means for Local Education Associations (LEAs) to self-insure their benefits plans through similar funding vehicles and in order to create administrative efficiencies, shared information, economies of scale and competitive fixed costs through joint purchasing opportunities.

Currently, there are six (6) entities that participate in a risk-sharing pool and three (3) that are non-risk sharing, with over 2,400 employee contracts and 6,000 member contracts.

Invitation to Respond

The South Central Trust (SCT) is soliciting written proposals from interested independent certified public accounting firms known to provide audit services to Pennsylvania Local Education Agencies (LEA) and Trusts.

Firms wishing to be included for consideration should send a letter of interest combined with a history of the firm and a resume of personnel that would be responsible for providing audit services to the SCT. Interested firms should also provide a list of school district/LEA and Trust references and information that addresses items to be used as selection criteria (see Page 2).

Responses and Proposals may be sent electronically to Robbi Ritter, Employee Benefits Team Lead, USI at robbi.ritter@usi.com, or should be addressed to Robbi Ritter, Employee Benefits Team Lead, USI Insurance Services, 1215 Manor Drive, Suite 200, Mechanicsburg, PA 17055, and should be identified as "Audit Services Proposal" in the message line or on the mailing envelope.

The Trustees of the SCT reserves the right to reject any or all proposals and to waive, at its discretion, any irregularities, mistakes, omissions or informalities relative thereto.

The SCT Board of Trustees will review the proposals with the intent that approval for an agreement for audit services will be made by March 1, 2021.

Schedule for RFP:

<u>DATE</u>	<u>Event</u>
November 23, 2020	RFP Release Date
December 11, 2020	Submittal of Questions
December 18, 2020	Response to Questions
December 31, 2020	RFP Proposals Due
Estimated Week of January 18, 2021	Interviews
Estimated Week of February 15, 2021	Trustee Vote

Term of Agreement

The SCT is seeking a proposal for auditing services for a two-year period to include fiscal years 2020/2021 and 2021/2022, with a two-year extension for fiscal years 2022/2023 and 2023/2024 upon agreement of both parties, subject to annual termination upon notification provided at least sixty (60) days prior to the close of the fiscal year. Proposers should guarantee their RFP pricing will remain firm for sixty (60) days from the date of the RFP due date, although the SCT reserves the right to negotiate terms and conditions prior to award.

The SCT will not be liable for any cost(s) incurred by firms prior to the issuance of a signed engagement letter and reserves the right to conduct interviews of any or all firms submitting a proposal prior to selection.

Selection Criteria

The SCT will evaluate firms based on the following criteria:

- Firm history and related experience with Pennsylvania LEAs and Trusts
 - Firm must demonstrate knowledge of the Pennsylvania Department of Education's Manual of Accounting and the Pennsylvania Public School Code
 - Firm must be thoroughly familiar with regulations, guidelines and directives related to school finance issued by the Pennsylvania Department of Education and the Auditor General's Office
 - Firm must possess knowledge of Governmental Accounting Standards Board regulations
- Firm's personnel and qualifications, with identification of those individuals who will be responsible for this engagement
 - Firm and personnel assigned must be members of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants
 - Firm must possess the proficiency to provide the services requested and have credible experience auditing Pennsylvania LEAs and Trusts, with at least one (1) current LEA client
 - Firm must not have any obligations or interests that conflict with the interests of the SCT
- Firm Quality Control and Assurance Process and any applicable inspection and independent quality control peer review documents

Scope of Audit Services

The section below describes the services that the SCT is soliciting from an audit firm. Please note that the SCT requests the audit to be substantially conducted between August 1 and September 30, following the close of the previous fiscal year. Production and timing of the audit work will be coordinated, in advance, with the SCT Fiscal Services Manager and the Employee Benefits Consultant for the SCT.

General Audit Services

The selected firm will provide the following services relative to the annual audit of the SCT financial operations:

- Audit of all funds of the SCT;
- Preparation of an auditor's opinion letter on the financial statement and internal control over financial reporting;
- Compile required notes to the financial statements and required supplementary information as requested by the SCT;
- Preparation of a Management Letter detailing recommendations for improvement in SCT fiscal operations and/or procedures;
- Incorporate the Management Discussion and Analysis into a final, bound audit report, with electronic copies provided to all Trustees and presentation made to the Executive Committee and full SCT Trustee Board, with approval of the Executive Committee, of findings and copies as requested;
- Provide a detailed listing inclusive of documents, working papers and other information required for the audit. This list and event schedule shall be provided to the SCT Trustee Board annually by June 1st.

Proposal Instructions – Response to Proposal

A complete response to this request for proposal is required, and a valid response will consist of:

- Completed transmittal form.
- A letter of interest describing the firm's understanding of the scope of work and commitment to completion of the work within the SCT timetable. Please note that SCT Members must have year end balances, with IBNR, no later than September 30.
- A description of how the firm will obtain a basic understanding of SCT operations and activities for planning the audit, in addition to procedures used to monitor the progress of the work for periodic evaluation and communication with the SCT Fiscal Services Manager and Employee Benefits Consultant and SCT Trustee Board.
- A history of the firm noting experience with Pennsylvania LEAs and Trusts; entity size and structure.
- Resumes of the personnel who would be responsible for servicing the SCT.
- A listing of LEA and Trust references including contact information, types of services performed and length of service with each LEA and Trust.
- A description of the firm's approach, with proposed schedule to developing and performing the audit, including approach and the type of audit program used; i.e., accrual vs. cash basis and the pros and cons of each, audit testing parameters, organization of the audit team, presence of the audit partner on the engagement, information provided in any required audit communication, coordination of audit work to be completed by SCT and/or SCT Consulting partner staff and timeline for completion of the audit.
- A fixed fee quote for the engagement with a fee structure to include the cost of performing the services outlined in this request for a two-year period to include fiscal years 2020/2021 and 2021/2022, with a two-year extension for fiscal years 2022/2023 and 2023/2024 upon agreement of both parties, and standard hourly rates and fees association with additional services not currently identified as part of this proposal. If additional fees are required (printing, travel, etc.), please itemize and identify with a maximum cost.
- A description of any additional financial and accounting services, other than audits, offered by the firm.

**This Proposal must be received, either electronically or in paper form, by 4:00 PM on
December 31, 2020.**

Please direct responses to the attention of:

**Robbi Ritter, Employee Benefits Team Lead
USI Insurance Services
1215 Manor Drive, Suite 200
Mechanicsburg, PA 17055**

TRANSMITTAL FORM

NAME OF FIRM/AGENCY: _____

FIRM/AGENCY CONTACT: _____

STREET ADDRESS: _____

CITY/STATE/ZIP CODE: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

EMAIL ADDRESS: _____

BY

SIGNATURE: _____

TITLE: _____

DATE: _____