

Henderson County Schools

1805 Second Street, Henderson, Kentucky 42420
(270) 831-5000 Fax: (270) 831-5009
www.henderson.kyschools.us



To: Marganna Stanley, Superintendent
And School Board Members

From: Cindy Cloutier
Director of Finance *Cindy Cloutier*

Date: February 15, 2016

Re: Request for Proposal for Professional Auditing Services

In response to your request to receive proposals for Auditing Services I have included a sample *Request for Proposal* for your approval. The sample outlines what is to be included in the proposal package.

I would like to recommend that we use the *Request for Proposal* to solicit proposals from qualified firms to audit the Henderson County Board of Education's financial statements for the fiscal year ending June 30, 2016. The option of auditing the financial statements for additional years is included in this request.

I would also like to recommend that we compile a panel of four members to evaluate each proposal. This panel could consist of the Board chairman, a Board member, the Director of Finance, and the Assistant Superintendent of Administration, or a composition of your choosing. The panel would evaluate the proposal packages based on the evaluation scoring sheet included in the sample.

Approval of both the *Request for Proposal* and method of evaluation will allow me to proceed in preparing the advertisements and the proposal packages.

Henderson County Board of Education
1805 Second Street
Henderson, KY 42420
(270) 831-5000

-----REQUEST FOR PROPOSAL-----

Reference Number: **AUDIT16** Title: **AUDIT PROPOSAL**

Date Proposal is Due: **April __, 2016 @ 10:00 a.m.** Date RFP Released: **April __, 2016**

Proposals are requested for audit services, subject to conditions of this request for proposal.

GENERAL CONDITIONS

1. A completed proposal package (with original signatures) must be submitted in a sealed envelope clearly marked on the outside with "**PROPOSAL—AUDIT16**".
2. To receive consideration, proposals must be received by the date/time designated in this RFP, and none will be accepted afterward. **No proposal will be accepted by fax or any electronic method.**
3. **Proposals must be submitted on the forms provided and signed by a partner** of the firm who is authorized to legally bind the firm.
4. Any changes made on the proposal forms (erasures, strikeouts, white-out, etc.) must be clearly initialed.
5. The Board of Education reserves the right to waive defects and informalities in proposals, to reject any and all proposals, or to accept any proposal as may be deemed to be in its best interest.
6. All proposals shall be effective from the date of opening until the date specified in the special conditions of proposing, and no proposal may be withdrawn prior to that time.
7. All proposals shall remain in effect for one year from the date the proposal is awarded unless otherwise stated on the proposal form.

8. CONFLICTS OF INTEREST:

- a. KRS 45A.455 prohibits conflicts of interest, gratuities, and kickbacks to employees of the Board of Education in connection with a contract for supplies or services, whether such gratuities or kickbacks are direct or indirect.
- b. KRS 45A.990 provides severe penalties for violations of the laws relating to gratuities or kickbacks to employees which are designed to secure a public contract for supplies or services.

SPECIAL CONDITIONS

MISCELLANEOUS ITEMS

References: “Client” means the Henderson County Public School District. “Firm” means the accounting firm submitting a proposal.

Contact: Client’s point of contact is Cindy Cloutier, Director of Finance/Board Treasurer.

Price Quote: This request is being considered as a “price quote” rather than a bid, since it is for professional services. Please consider all statements as such.

Recipients of RFP: The intent of this request is to receive proposals from accounting firms licensed in Kentucky. Firm shall be on the Register of the State Board of Accountancy and shall be approved by the State Committee for School District Audits.

Accounts to be Audited: All accounts of the Henderson County Public School District, including school activity funds, shall be included in the audit.

Scope: The scope and nature of the audit shall be as set forth in the Requirements for Local School District Audits (most recent version is enclosed but is subject to change) approved by the State Committee for School District Audits, the Kentucky Department of Education, and the Single Audit Act. The audit will be conducted in compliance with KRS 156.255 - 156.295 and other applicable sections of the Kentucky Revised Statutes.

Audit Contract: The Independent Auditor’s Contract required by the Kentucky Department of Education shall be executed at a later date by the firm awarded the price quote.

Term of Agreement: The initial term shall be for the 2015-2016 audit. If agreed upon by both parties, this contract may be renewed annually for an additional two years subject to approval by the Henderson County Board of Education.

FIRM’S RESPONSIBILITIES:

Training: Firm’s staff must take advantage of training opportunities for accounting firms conducting audits of Kentucky school districts. Some training opportunities may be provided by the Kentucky Department of Education.

Audit Staffing/Supervision: Firm agrees, within reason, that audit personnel named in proposal will participate in the audit. Firm agrees that the majority of audit procedures will be conducted by, or under the direct supervision of, a Certified Public Accountant.

Audit Schedule:

- ***Schools:*** Firm shall obtain Client's list of schools and phone numbers to arrange directly with each school to conduct activity fund audit procedures. These audit procedures shall be conducted at each school (not in the Central Office). Firm will arrange a mutually agreeable schedule with school personnel to be completed prior to the first day of school.
- ***District:*** Firm shall contact the Director of Finance to arrange a mutually agreeable schedule for conducting the audit. In general, Firm agrees to begin audit fieldwork for the District on or before September 1st and to complete the audit through the draft stage by October 11th in order to meet the timeline for the exit conference, presentation of the audit report to the Board of Education, and submission of the audit report to the state. See below for additional information.

Client Assistance: At least 3 weeks prior to the start of the District's audit fieldwork, Firm shall provide Client with a complete list of items to be prepared in order to minimize the disruption to Client's business routines. Such client assistance shall include all confirmations to be prepared by Client. For any specific reports Firm wants Client to prepare, an example of such reports and the MUNIS report parameters must be provided to ensure the appropriate report is prepared.

Client Documents: Documents reviewed during the audit are to be maintained in the same order as found (i.e., alphabetical, numerical, chronological, etc.) and returned promptly to school personnel. Firm shall not remove any original documents from the school or district office.

Findings, Management Letter Comments: Firm shall provide Client's Director of Finance with a written draft of the findings, management letter comments, and/or internal control matters *in sufficient time to permit the school district to study and/or investigate the matter(s) and to provide written response to be bound in the final audit report.* "Sufficient time" shall be considered to be no later than seven (7) calendar days after completing audit procedures at schools and, for the audit fieldwork at the district level, at least 14 calendar days prior to the exit conference. *Firm's failure to comply with this requirement shall significantly affect Client's willingness to extend the audit contract.*

Exit Conference: Firm must schedule an exit conference prior to finalizing the audit report and presenting it to the Board of Education. At the exit conference, the audit partner will present a **draft** of the audit report to the Superintendent and Director of Finance. The exit conference will not take place on the same day the audit report is presented to the entire Board of Education. *Firm's failure to comply with this requirement shall significantly affect Client's willingness to extend the audit contract.*

Presentation of Audit Report: The audit partner will present the final bound audit report to the entire Board of Education at a regular meeting of the Board. The presentation will consist of an explanation of the audit opinion, a brief overview of financial statements, and any other matters considered important.

Bound Audit Report: Firm will deliver 10 copies of the audit report to Client at least ten (10) calendar days prior to the date the audit report is to be presented to the Board of Education. An electronic file (.pdf) of the bound audit report shall be provided to the Director of Finance at the same time.

Audit Submission: Firm shall submit the audit report and all attachments by the deadline and in the format established by the state (presently required to be submitted electronically).

Schedules, Forms, and Reports: Firm shall be responsible for preparing the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations (Form SF-SAC), and such other forms and schedules as may be required for the audit of a public school district.

Billings: Final payment for services rendered shall not be made until the audit is received and accepted by the Henderson County Board of Education and the State Committee for School District Audits.

AUDIT MILESTONES

Month of July	School activity fund audit procedures
Within 7 calendar days of completing school activity fund audit procedures	Provide Director of Finance with a written draft of activity fund management letter comments and/or internal control matters
By September 1 st	Begin audit fieldwork at the District level
At least 14 days before exit conference	Provide Director of Finance with a written draft of findings, district-level management letter comments, and/or internal control matters
By October 11 th	Provide Director of Finance with a draft of complete audit report
TBD	Exit conference with Finance Committee using draft of audit report
At least 10 days before Board meeting	Provide 10 copies of bound audit report to Director of Finance for mailing to Board members, and electronic file of audit report
TBD	Present audit report to Board of Education
By November 15 th	Submit audit report to KDE

PROPOSALS:

Evaluation of Proposals: Criteria for evaluating proposals shall include but are not limited to the following:

- a. Qualification of the firm
- b. Audit Approach – statements which show an understanding of the services required and an understanding of the audit objective
- c. Responsiveness
- d. The fixed fee required for the audit

Proposals: Proposals shall include the following:

- a. The name of the partner-in-charge and a list of staff persons to be assigned to the audit, their qualifications, their individual CPE related to governmental and school accounting during the past two years, and a copy of the peer review.
- b. Names, addresses and phone numbers of three relevant audited entities whose audits were performed pursuant to government auditing standards and the Single Audit Act. The audits should have been performed within the last five years.
- c. An explanation of the proposed technical approach to the audit and estimated time required to complete it.
- d. A list of other governmental audits that the firm is performing that would require use of the same audit staff during the engagement period.
- e. Affirmation of your firm's qualifications and a statement about the manner in which you meet the criteria previously mentioned. Feel free to include additional information that you feel is pertinent.
- f. Acknowledgement of General and Special Conditions Form
- g. Audit Cost Form

ACKNOWLEDGEMENT OF GENERAL AND SPECIAL CONDITIONS

Reference Number: **AUDIT16**

I have read and agree to all General Conditions, Special Conditions, and the Requirements for Local School District Audits.

Firm Name _____

Address _____

Telephone _____

Partner's Signature _____

Partner's Name (printed) _____ Date _____

THIS CERTIFICATE MUST BE COMPLETED

AUDIT COST SCHEDULE

The accounting firm of _____, submits the following proposed fee for the audits of Henderson County Public Schools for the following fiscal years:

Fiscal Year Ending June 30, 2016—Audit fee not to exceed \$ _____

Fiscal Year Ending June 30, 2017—Audit fee not to exceed \$ _____

Fiscal Year Ending June 30, 2018—Audit fee not to exceed \$ _____

NOTE: One amount for each year is required for proposal to be considered.

By signing below, it is understood that the fee proposed above represents the maximum payment that will be due from Henderson County Public Schools in the event our proposal is accepted. Travel expenses and other incidental costs have been factored into this proposed audit fee.

Partner's Signature _____

Partner's Name (printed) _____ Date _____

COMPLETION OF THIS FORM IS MANDATORY

AUDIT PERSONNEL INFORMATION SHEET

Name					
Title					
Is this person a CPA?					
Years of Public Accounting Experience					
Years of School Audit Experience					
Will this person be involved in the audit of Henderson County Public Schools?					

Firm Name _____

Partner's Signature _____

COMPLETION OF THIS FORM IS MANDATORY

***(PLEASE DO NOT LEAVE THIS FORM BLANK AND SIMPLY
REFER TO OTHER PAGES OF YOUR PROPOSAL***

**Evaluation Scoring Sheet
for Audit Proposals
Henderson County Public Schools**

Firm: _____

Reviewer: _____

Qualifications: Review proposal to evaluate the experience of the Firm with school district audits and qualifications of the Firm's representatives, including recent continuing professional education related to governmental and school accounting.

Score (1 to 5): _____ X 4 points = _____ (Points—20 points max.)

Audit Approach: Review proposal to evaluate the Firm's description of how the audit will be conducted with regard to types of testing, the method of determining materiality levels, how internal controls will be tested, and how the Firm will examine school activity funds.

Score (1 to 5): _____ X 4 points = _____ (Points—20 points max.)

Responsiveness: Review proposal to evaluate how closely the Firm complied with the items requested to be included with the proposal. Firms are required to include with the proposal (1) the **Acknowledgement** form, (2) the **Audit Cost** form, (3) the **Audit Personnel Information** form, and (4) **information about the Firm**. The information about the Firm should include a list of recent school districts audited, the Firm's history, supplemental information about staff members, staff training in complex accounting issues, the number of the Firm's staff members at various levels, how the Firm attempts to staff subsequent audit engagements, a copy of the Firm's most recent peer review, and an explanation of any disciplinary action taken against the Firm or staff members.

Score (1 to 5): _____ X 4 points = _____ (Points—20 points max.)

Fee Proposal: Based on total of four (4) years of proposed audit fees. The lowest overall fee will be given 20 points and other proposals will be awarded points relative to the lowest fee.

(The point value for fee proposal is not subjective, so it will be scored on the evaluation sheet)

Score proposals in each of the following categories on a scale of 1 to 5 as follows:

- 1) **Inferior** - Evidence is clearly substandard, inadequate, incomplete or incorrect.
- 2) **Below Average** - Evidence lacks quality or completeness in certain specific areas.
- 3) **Average** - Evidence is adequate and complete but not noteworthy in any material respect.
- 4) **Good** - Evidence is more thorough, complete, and/or innovative than average.
- 5) **Outstanding** - Evidence is clearly superior to all or most other responses with respect to clarity, completeness, correctness, and innovativeness.