

REQUEST FOR QUALIFICATIONS

ANNUAL FINANCIAL AUDIT

DEWEYVILLE INDEPENDENT SCHOOL

DISTRICT RFQ# 0935P-03

The Deweyville Independent School District is requesting qualifications from public accounting firms to perform the annual audit for fiscal year 2018.

I. BACKGROUND INFORMATION

Auditing requirements for Texas' public school districts are contained in the *Texas Education Agency Financial Accountability System Resource Guide*, which is the authoritative document, adopted by reference as a rule of the State Board of Education, through Title 19, Texas Administrative Code, and Section 109.41.

Deweyville Independent School District (“the District”) has an enrollment of 571 in grades pre-kindergarten through 12, on 2 campuses. The 2017-2018 budgeted expenditures for the General, Food Service and Debt Service Funds is \$7,500,910.00. The school district expended federal financial assistance for several programs including but not limited to National School Lunch Program, ESEA Title I Part A - Improving Basic Programs, Idea B, Idea B Preschool, ESEA Title II, Part A, Rural & Low Income School Program, ESEA Title IV, Part A, Subpart 1.

The District’s Comprehensive Annual Financial Report for the year ended August 31, 2017 has been included with this Request for Qualifications.

A. Purpose of the Audit

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal year 2018. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 and the *Texas Education Agency Financial Accountability System Resource Guide* for the District for the fiscal year ending August 31, 2018. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the *Texas Education Agency Financial Accountability System Resource Guide*.

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The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the District has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the school district has adhered to specific financial compliance requirements.

As a part of the audit of the basic financial statements, the annual audit will also include obtaining an understanding of the school district's internal control and reporting any significant deficiencies or material weaknesses relating to the internal control systems coming to the attention of the auditors. To comply with Office of Management and Budget Circular A-133, a study and evaluation of internal control will include internal accounting and administrative controls for all major federal financial assistance programs, in accordance with standards for risk assessment for major federal financial assistance. Any material weakness noted during the study and evaluation of internal accounting and administrative controls and other kinds of noncompliance and questioned costs will be reported in compliance with the Single Audit Act.

As part of the audit of the financial statements, transactions and records pertaining to federal programs will be tested for material compliance with federal laws, rules, and regulations and all instances of noncompliance will be reported to the school district.

The audit will include the performance of certain audit procedures for the purpose of reviewing the accuracy of fiscal information provided by the district through the Public Education Information Management System (PEIMS), as required by Section 44.008(b) of the Texas Education Code.

The audit will include procedures applicable to compensatory education funds as required by Module 9 of the Financial Accountability System Resource Guide, if required.

B. Other Requirements

1. The accounting firm should provide an annual audit report in a form acceptable to the Texas Education Agency and within the time frame stipulated in TEC 44.008 (d) of 150 days subsequent to the close of the fiscal year for which the audit was made.
2. The District Superintendent would expect to meet with the auditor(s) at least annually. The meeting would be called by the District Superintendent

3. Due to limited staff, the District can provide partially completed financial statements and supporting schedules for auditor review at the close of the fiscal year. Attachment B includes a listing of audit schedules that the District has prepared.
4. The District intends to sell bonds from time to time, which may require the audited financial statements and Auditors opinion to be printed in total or as a part of the section of or addendum to the Official Statement for bond issues. Also, certification may be required for Interest and Sinking Fund Reserve Balances as a point in time other than year end.
5. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.
6. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Director of Finance prior to commencing the audit assignment each year.
7. Financial statements developed by the Auditor must be in a form that complies with the requirements for the GFOA Certificate of Achievement, the ASBO Certificate of Excellence, and the Texas Education Agency.
8. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to auditors from the Texas Education Agency, The Government Accountability Office, or other applicable governmental agencies, they are not otherwise considered to be records open to the general public.

B. Independent Auditor

The interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and state board of education auditing rules. Public accounting firms that have performed annual audits for similar entities are encouraged to file a proposal.

C. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the proposal will be for the fiscal year ending August 31, 2018. The District may request to extend this agreement for another four years through fiscal year August 31, 2022, following satisfactory delivery of the services specified in the proposal and engagement letter.

D. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediation center, whose decision will be binding upon both parties.

II. PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section III.

B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the district and any of the board members.

C. Management Component

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing school district/government audits. List current and past audit clients

along with the names and telephone numbers of contact persons and number of years audit services were provided. State the average daily attendance of the public schools on the list;

5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
10. Describe staff rotation plans for audit team members if this is to be a multiyear contract;
11. Describe the level of assistance that will be expected from District personnel, including internal audit staff; and
12. Provide evidence of the ability to comply with the requirements in Sections II and VI of the Request for Qualifications.

D. Task/Activity Plan

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned.

E. Evaluation

Criteria used to evaluate the interested accounting firm's methodologies, products, and services are shown in Attachment A.

III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;

- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The District reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The District reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the District may reasonably require;
- F. The District will not be liable for any cost incurred in the preparation of qualifications; and
- G. The District may ask interested accounting firms to send a representative for an oral interview prior to Board of Trustee approval of a proposal. The District will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
- H. The District and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, EISD reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions.
- I. Qualifications must be signed by an authorized individual to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a “mistake in Qualifications”, and the Qualifications will be rejected as “non-responsive”.
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal.
- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation).
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect

any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

IV. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Responses to the Request for Qualifications should be addressed to:

Janae Welch
Superintendent Secretary
Deweyville ISD
P.O. Box 408
Deweyville, Texas 77614
(409) 746-2731 ext 2222

Qualifications must be received no later than 2:00 p.m. July 27th, 2018.
Qualifications received at the DISD Administration Office after the time and date specified above will not be considered and will be filed unopened.

Oral or telegraphic qualifications transmitted via the District's facsimile machine are not acceptable. Qualifications must be submitted to the District in a sealed envelope. **DO NOT FAX YOUR QUALIFICATIONS!**

B. Number of Copies of Qualifications

Submit ten (10) copies of the qualifications. The qualifications are to be bound and sealed.

V. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the District may contact:

Janae Welch

Superintendent Secretary

jwelch@deweyvilleisd.com

The District will only respond to questions submitted via email.

The District will send addendums to the RFQ to potential accounting firms via email. Please send an email to jwelch@deweyvilleisd.com containing firm contact name and email address no later than July 26th, 2018.

VI. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide one (1) camera ready copy of the final comprehensive annual financial report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide, the requirements for the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence and a copy in .pdf format.
- B. The independent auditor will be required to submit 20 copies of the final compensatory education audit, if applicable.
- C. A preliminary draft of the audit report(s) will be presented to the District prior to submission of the final draft. Timing of the submission must allow District personnel sufficient time to review the report.
- D. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the January meeting of the Board of Trustees for the financial audit.
- E. The independent auditor will be required to present the audit report to the Board of Trustees at the January meeting of the Board of Trustees.
- E. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the District and as provided for in the engagement letter. If a management letter is issued the auditor will provide the District twenty (20) copies.
- F. The auditor will prepare and provide one (1) copy of the Data Collection Form for Reporting on Audits of States, Local Governments and Nonprofit Organizations.

VII. PROPOSED SCHEDULE

Qualifications Timing

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| Qualifications due to the District | July 30, 2018 |
| Approval of firm by Board of Trustees | July 30, 2018 |

Audit Timing (subject to change)

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| Start interim field work | Not applicable this year |
| Start final field work | After October 1, 2018 |

Draft financial statements and management letter due to Finance Department for review December 7, 2018

Presentation of issued financial statements to the District Superintendent and Presentation of issued financial Statements to the Board of Trustees December 17, 2018

VIII. BOARD OF TRUSTEE APPROVAL

The Board of Trustees expects to engage an audit firm for five years. However, the Board of Trustees expressly reserves the right to reject all bids and to review the relationship on an annual basis and to formally approve each year's extension. The Deweyville Independent School District reserves the right to cancel any contract resulting from this Request for Qualifications, at any time, for any reason (or for no reason) with a thirty (30) day written notice to the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice. Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Qualifications (or as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the District. It is possible that the Board could terminate the relationship at any time. However, the Board of Trustees does not desire or expect that to be the case and assumes that a long and satisfactory relationship will be the experience.

XI. OTHER INFORMATION

- A. Auditors will be allowed to work on site after 5:00 p.m. and on weekends if necessary and desirable. However, it cannot be guaranteed that Staff will be available to answer questions at those times. Arrangements should be made in advance if these after-hours periods are necessary.
- B. The Board of Trustees will pass a resolution accepting the written proposal as the understood agreement for services performed and other commitments.