

## ***Request for Proposal for Financial Statement Audit Services and Procurement Audit Services Issued 3/1/2012***

The School District of Newberry County recognizes its fiscal responsibility to appropriately receipt and expend public funds available for the education of our citizens. In order to fulfill this responsibility we are presenting this request for proposal from qualified firms of certified public accountants to audit the district's financial statements for fiscal year 2011-2012, 2012-2013, and 2013-2014 (with renewal available for fiscal years 2014-2015 and 2015-2016) AND Procurement Audit Services for your consideration and response.

The District is interested in receiving proposals relating to both services, the Financial Statement Audit and the Procurement Audit. However, the evaluation team may award the proposal for services to the same firm or to separate firms, whichever is in the best interest of the District.

These audits are to be performed in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Single Audit Act of 1984, of which specific details are contained in Audit Guide published by the State Department of Education. In addition, the procurement audit must be performed in accordance with the provisions of Standards of Governmental Organizations, Programs Activities and Functions, issued by the United States Federal Accounting Office. The Procurement Audit Guidelines may be reviewed in the Procurement Office of the District.

There is no expressed or implied obligation for The School District of Newberry County to reimburse responding firm for any expenses incurred in preparing proposals in response to this request.

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### ***Instructions to Proposers***

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- The deadline for submission of proposals is 3:00 pm, local time, Thursday, March 29, 2012. The original document and three copies of your proposal are required and should be in a sealed envelope and either delivered or addressed as follows: **Audit Proposal - Attention Susan Dowd, Chief Financial Officer**, The School District of Newberry County, 1539 Martin Street, PO Box 718, Newberry, South Carolina, 29108. Please notate on the outside of the envelope – **SEALED BID – DO NOT OPEN**. It is the vendor's sole responsibility to insure that RFP response documents are received by the Chief Financial Officer by the time and date indicated in the solicitation documents. The sealed proposals will be opened promptly at 3:01 pm in the conference room at the District Office. Any proposals received later than the specified time will not be considered and will be returned unopened to the offeror regardless of when it was mailed. No consideration of the proposal will be made at the opening. Only the names of the proposers will be read aloud. No other information will be disclosed at that time. Evaluations of each proposal will be made as soon as possible with the award contingent upon approval of The School District of Newberry County Board of Trustees.

- The district reserves the right to reject any or all proposals or to cancel this request in its entirety.
- All proposals will be treated as public information unless it is specifically requested that portions of the proposal be treated as trade secrets under the Freedom of Information Act.
- Any questions relating to this proposal must be submitted in writing to Susan Dowd, Chief Financial Officer (fax is acceptable 803-321-1085) through Wednesday, March 14, 2012. Questions should indicate the subject as RFP – Financial Statement Audit Services. A listing of all questions and answers will be supplied to any known proposers.
- The 2011-2012, 2012-2013, and 2013-2014 fiscal years are the years to be audited under this contract for financial statement audit purposes.
- The contract(s) may be canceled at any time by the district in the event that the services prove to be unsatisfactory.
- The School District of Newberry County reserves the option to renew the financial statement audit services contract for two additional years, in increments of one year, under the same terms, charges and conditions as contained in the original contract. Contract renewals are subject to the availability of fiscal year funds and satisfactory performance.
- Should the District elect to award a contract based on this solicitation, the award will be made to the firm whose proposal is determined to be the most advantageous to the District. The District will be the sole judge as to whether a firm's proposal has satisfactorily met the requirements of this solicitation.

<b><i>Description of The School District of Newberry County</i></b>
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***Background***

The School District of Newberry County is located in the Western portion of the State of South Carolina and has a land area of 630 square miles. The District is composed of three attendance areas: Newberry, Mid-Carolina, and Whitmire and consists of seven elementary, two middle, two high, one K-12 school, a Career Center and Accelerated Learning Academy. We serve approximately 5830 students. The School District of Newberry County's general operating budget includes disbursements in excess of \$38 million. The District employs approximately 1000 people. Recently, the District completed a major capital improvement building project funded through IPR Bonds issued pursuant to a Facilities Agreement and Base Lease Agreement between the School District and NICE (Newberry Investing in Children's Education) which is a blended component unit of the District. General Obligation Bonds are sold annually for the purpose of meeting annual debt service requirements pursuant to this agreement.

***Financial Information***

The primary sources of funding for the district's governmental funds are the County and State of South Carolina which together provide 86.6% of the revenue. Another 12% is provided by the federal government with the balance coming from various local sources.

The district's 2010-2011 general fund expenditures included the following:

- 82.78% was expended for salaries and benefits,
- 8.34% for purchased services
- 6.30% for supplies
- 2.58% for other operating expenditures.

## ***Board of Trustees***

The School District is governed by a seven member board of trustees. The Board has decision making authority, including the authority to lower or raise taxes, to hire management, to significantly influence operations, and has the accountability for fiscal matters. The District exercises limited fiscal independence.

## **GENERAL TERMS AND CONDITIONS**

### Proposal Authorization and Acceptance

Proposals must be submitted in accordance with the requirements of this request. The proposal must be signed by an official authorized to bind the offer and must contain a statement to the effect that the proposal is firm for a period of at least 30 days from the deadline date to receive the proposals. The District reserves the right to accept or reject any or all proposals received as a result of this request and to negotiate with qualified firms. Proposals will not be accepted after the specified deadline.

### Confidentiality

Proposals and related documents received as a result of this solicitation will not be made available by The School District of Newberry County to any person, agency or organization not associated with the selection committee until after an award has been made. However, commercial and/or financial information which is confidential or privileged included in proposals will not be disclosed if such information has been identified by the firm as confidential in an easily recognized way. All firms who wish to have selected information in their proposals remain confidential must visibly mark as "Confidential" each part of the proposal they consider to contain proprietary information.

### Preparation of the Proposal

The District requires that at least four (4) copies of the proposal be submitted to the Finance Office no later than the date and time specified in the DEADLINE TO RECEIVE PROPOSALS section of this solicitation. Any proposals received after the scheduled deadline will be disqualified immediately in accordance with District's policy.

All proposals should be complete, bound, and must convey all of the information requested by the District. If significant errors are found in a firm's proposal, or if a firm's proposal fails to conform to the requirements of this solicitation, the District may elect to reject the proposal.

All proposals must be completed for the entire solicitation. However, the District reserves the right to accept any portion(s) of a firm's proposal if such acceptance is deemed to be in the best interest of the District.

### Contract Period

The initial contract period shall be for three fiscal years, June 30, 2012, 2013, and 2014 with the option to renew for two (2) additional one year periods if both parties are in agreement (2014-2015 and 2015-2016) The District's fiscal year begins July 1.

### Default

In case of default by the firm, The School District of Newberry County reserves the right to purchase the services in default in the open market, charging the firm with any additional costs. The defaulting firm shall not be considered a responsible firm until the assessed charge has been satisfied.

### Non-Appropriation

Any contract entered into by The School District of Newberry County or its departments, institutions, agencies, political subdivisions or other entities resulting from this request for proposal shall be subject to cancellation

without damages or further obligation when funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period or appropriated year.

Contact Administration

Questions or problems arising after award of this contract shall be directed to Susan Dowd, Chief Financial Officer, The School District of Newberry County, PO Box 718, Newberry, SC, 29108.

Termination

Subject to the conditions below, the contract may be terminated for any reason by the District providing a 30-day advance notice in writing is given to the firm.

Termination for Cause

Termination by the District for cause, default, or negligence on the part of the firm shall be excluded from the foregoing conditions; termination costs, if any, shall not apply. The thirty (30) days advance notice requirement is waived and the default clause in this bid shall apply. (See Default Clause)

Addenda

Addenda shall be issued prior to the RFP submittal date and time for the purposes of modifying or interpreting the proposal instructions through additions, deletions, clarifications, or corrections.

Addenda shall be forwarded to all potential proposers who are known by the district to have received a complete copy of the RFP. No addenda shall be issued later than four (4) days prior to the RFP submittal date except to a) withdraw the RFP solicitation, or b) to postpone the RFP submittal date and time.

DRUG-FREE WORKPLACE

By signing and submitting a bid, a proposer is certifying that it will comply with all requirements of the South Carolina Drug-Free Workplace Act, Section 44-107-10, ET Seq., S.C. Code Ann, (1976).

**I. Financial Statement and Procurement Audit Services**

**A. Financial Statement Audit Services**

1. The district requires an audit of its total financial program. Revenues, excluding transfers, for fiscal year 2010-2011 were:

General Fund	\$38,197,294
Special Revenue Fund	8,722,781
Special Revenue – EIA Fund	4,456,935
Debt Service Fund	6,812,374
Debt Service – NICE	346,197
Capital Projects - District	210,691
Capital Projects – NICE	75,416
Food Service (Proprietary Fund)	3,759,640
Pupil Activity (Fiduciary Fund)	2,288,958

2. The District requires a financial and compliance audit. Specifically, the reporting method will be the “single audit concept” as detailed in the Single Audit Act of 1984, Single Audit Act Amendments of 1996, Single Public Law 93-502, OMB Circular A-133, the reporting requirements established by the Government Finance Officer Association of the United States (GFOA) and the Association of School Business Officials International (ASBO) Certificate program, and the South Carolina Department of Education's (SDE) Audit Guidelines. A copy of the SDE's Audit Guidelines can be obtained from the South Carolina Department of Education, Office of School District Auditing, 1429 Senate Street, Room 403, Columbia, South Carolina. 29201, telephone (803) 734-8180 or on their website at [www.ed.sc.gov](http://www.ed.sc.gov).

3. This solicitation does not commit the district to award a contract, to pay any costs incurred in the preparation of the offeror, or to procure any goods or services.

**B. Financial Statement Audit assistance available to proposer**

1. The Financial Services Staff will be available to prepare schedules on a reasonable basis. The staff generally will pull requested documents. Auditors will be provided with copies of all key information required to audit special revenue budgets. Reconciliation of all balance sheet accounts and balancing of all funds will be completed by the finance staff before any work begins. Computer equipment and the district's financial software (CSI) will be made available for auditing purposes. The Chief Financial Officer will be available to coordinate any audit work.
2. The District is willing and anxious to provide the maximum possible assistance to the successful proposer.
3. All primary accounting records are maintained in the Finance Department. Pupil activity records are available in the individual schools.

**C. Financial Statement Audit report requirements**

1. All reports should be addressed to The Board of Trustees of The School District of Newberry County.
2. The District's CAFR will fully comply with all requirements as set forth by GASB, as well as any applicable FASB Statements and Interpretations. It must also consist of all detail/combining schedules as prescribed by the South Carolina Department of Education, Office of Finance.
3. The CAFR will be composed of at least four major sections – an introductory section, a financial section, a single audit section, and a statistical section. Each will be compiled to fully meet the reporting requirements of GFOA and ASBO in order to qualify for each organization's Certificate of Achievement for Reporting.
4. The audit work must be performed in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants and generally accepted government auditing standards as established by the United States General Accounting Office, Comptroller General of the United States.
5. An opinion on compliance with applicable regulations must be rendered as discussed in the SDE's *Audit Guide*.
6. A Schedule of Expenditures of Federal Awards, as called for in OMB Circular A-133, must be included. The Schedule of Expenditures of Federal Awards must list by federal funding source each grant's subfund code, federal grantor/pass through grantor program title, federal CFDA number, pass through grantor's number, and expenditures. The single audit section will contain the appropriate independent auditor's reports as required by OMB Circular A-133.
7. The auditor must prepare and submit form SF-SAC Data Collection Form for Reporting on audits of States, Local Governments, and Non-Profit Organizations to the Federal Clearing House as required by the U. S. Department of Commerce.
8. The reports must include district comments and responses on all exceptions detailed in the published reports.

#### **D. Financial Statement Audit Time Considerations**

1. All proposals must be submitted to The School District of Newberry County no later than 3:00 pm, Thursday, March 29, 2012.
2. The district may elect to interview representatives from selected firms.
3. The district's financial records will be available for interim audit fieldwork.
4. During the on-site work, periodic briefings should be held with the Chief Financial Officer.
5. An exit conference must be scheduled with the Superintendent and the Chief Financial Officer no later than the first Monday in November to review a copy of the management letter. The district will be given an opportunity to provide written responses to the comments in the management letter which are to be included in the final draft.
6. A preliminary report in draft format must be delivered to the Chief Financial Officer for review by the district staff no later than the first Monday in November. This report must be in the format to be delivered to the SDE and must be prepared in accordance with the SDE audit guidelines as defined under Section I, paragraph 2.
7. Fifteen bound copies of the completed report must be delivered to the district prior to December 1.
8. The Board of Trustees will expect the managing partner to make a presentation of the report at the regular scheduled meeting held in December. The district will notify the auditor of the date and time of the meeting.
9. The auditor will also deliver the complete document in PDF format no later than the first Monday in December.

#### **E. Contractual Agreements**

1. The 2011-2012, 2012-2013, and 2013-2014 are the fiscal years is the year to be audited under this contract. Our fiscal year begins July 1 and ends on June 30.
2. The contract may be renewed for up to two additional years. Contract renewals are subject to the availability of fiscal years funds and satisfactory performance.

#### **F. Procurement Audit Services**

The School District of Newberry County is seeking a certified public accounting firm to provide independent procurement audit services. The procurement audit must be performed in accordance with generally accepted auditing standards. In addition, the procurement audit must be performed in accordance with the provisions of Standards of Governmental Organizations, Programs Activities and Functions, issued by the United States Federal Accounting Office. The Procurement Audit Guidelines may be reviewed in the Procurement Office of the District.

##### **1. REPORT REQUIREMENTS and REVIEW**

The procurement audit report should be addressed to the Chief Financial Officer. A copy of the report is to be submitted to the Office of General Services.

The procurement audit report must state the scope of the procurement audit and that the procurement audit was performed in accordance with generally accepted auditing standards. It

must also include an opinion as to whether the statements conform to generally accepted procurement principals.

If the examination requires that a management letter be issued, a conference will be arranged with the appropriate school district representatives to discuss the proposed management letter, and an opportunity will be granted for a response in writing, to be included in the final draft. This conference will be scheduled as a preliminary exit conference.

## 2. TIME CONSIDERATIONS AND REQUIREMENTS

The procurement audit may cover a one, two or three year period depending on the needs of the District, from July 1, 2012 through June 30, 2015. The procurement audit work can commence on a date mutually agreed upon by the successful firm and the District upon completion of the District's Financial Statement Audit and in time for the Procurement Audit to be completed prior to December 31<sup>st</sup> for the fiscal year ended the previous June 30.

## II. Information to be provided by the proposer

The District requires that at least four (4) copies of the proposal be submitted to the Finance Office no later than the date and time specified in the DEADLINE TO RECEIVE PROPOSALS section of this solicitation. Any proposals received after the scheduled deadline will be disqualified immediately in accordance with the District's policy.

All proposals should be complete, bound, and must convey all of the information requested by the District. If significant errors are found in a firm's proposal, or if a firm's proposal fails to conform to the requirements of this solicitation, the District may elect to reject the proposal.

All proposals must be completed for the entire solicitation. However, the District reserves the right to accept any portion(s) of a firm's proposal if such acceptance is deemed to be in the best interest of the district.

To simplify the review process and to facilitate the comparison of proposals, all proposals should be organized using the following format:

### 1. Title Page

The name of the firm, address, telephone number, date and contact person should be included.

### 2. Introduction (Letter of Transmittal limited to 2 pages)

Provide an executive summary highlighting the major points of the proposal. Briefly state your understanding of the services and the firm's ability and technical competence to perform such services.

### 3. Firm Identification & Qualifications

Provide a complete description of the Offering firm to include:

**Size and Location** – national, regional, local; location of office where services for the District will be performed, etc.

**Experience of firm and personnel** – with school districts in particular of similar type and size as the District and other government entities. List all governmental clients you have lost or gained over the past three (3) years.

**Describe the experience and education** of the partner, field supervisor, and all other staff that will be assigned to provide services to the District. Include their experience with governmental fund accounting and auditing, and indicate the most recent continuing education in governmental auditing/accounting completed and any training related to GASB #34.

**Indicate the experience in preparation of CAFR** for awards/certificates with both GFOA and ASBO. Include a list of other school districts for which you have secured the GFOA and ASBO award/certificate along with a contact name and telephone number.

**The firm recommended must be approved by the Office of General Services** as required by Section 11-35-70 of the South Carolina Consolidated Procurement Code.

4. Minority Business

State whether or not your company is a minority owned business and if you are registered with the Minority Business Assistance Office through the State of South Carolina.

5. Scope of Work

The audit examination must be performed and the comprehensive annual financial report issued in accordance with the following:

- A. Generally accepted auditing standards issued by the American Institute of Certified Public Accountants.
- B. Government Auditing Standards, issued by the Comptroller General of the United States.
- C. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- D. Single Audit Act of 1984, of which specific details are contained in Audit Guide published by the State Department of Education.
- E. "Governmental Accounting and Financial Reporting Standards" issued by the Governmental Accounting Standards Board.
- F. The reporting requirements established by the Governmental Finance Officers Association's "Certificate of Achievement for Excellence in financial Reporting" program.

Submit a work plan to accomplish the scope defined in these guidelines. The work plan should include time estimates for each significant segment of the work and staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified. The audit work plan should demonstrate the auditor's understanding of the audit requirements.

6. Additional Information

Indicate the year and the results of your last peer review.

Describe the full range of administrative/consultation/financial or other services that can be made available to the District. Also indicate strengths of the firm, how the current structure can benefit the District or any other information that would be helpful in evaluating the size of the firm and its capabilities.

Include any other information pertinent to your firm that would be helpful in making a decision.

7. Fees for Services

Indicate estimated number of hours and hourly rate for each staff person assigned to complete the District's requested services broken down by financial audit and procurement audit. Fees for fiscal years ending June 30, 2012, 2013, and 2014 should be addressed.



State a “not to exceed” (all inclusive) fee for the work to be done each of the three (3) fiscal years that this contract may cover with a grand total for all three years. This should also be broken down for the financial audit and procurement audit separately.

List other services that may be requested and include an hourly rate by position for any additional services that may be requested or desired by the District.

#### 8. References

Please provide a list of at least three clients for which recent audits have been completed that are similar to the financial and procurement audit described in this solicitation. Names and telephone numbers of client’s officials should be included for both types of audits.

### **III. Evaluation of Proposals**

Should the District elect to award a contract based on this solicitation, the award will be made to the firm whose proposal is determined to be the most advantageous to the District. The right is reserved to reject any and all proposals received and, in all cases, the District will be the sole judge as to whether a firm’s proposal has satisfactorily met the requirements of this solicitation. Upon acceptance a Statement of Award will be issued by The School District of Newberry County to the successful firm.

Proposals will be evaluated by a review committee on the basis of the following criteria listed in order of importance:

1. Proper South Carolina licensing.
2. Ability to meet independence standards of the *GAO Standards for Audit of Governmental Organizations, Programs, Activities, and Functions* (1988 Revision) by the Comptroller General of the United States.
3. Prior experience with other school districts in South Carolina.
4. Staff experience and qualifications (overall and those assigned to the District’s audit).
5. Comprehensiveness of work plan and reasonableness of time estimates.
6. Specific experience and success with the Award for Excellence in Financial Reporting program of the Government Finance Officers Association of the United States and Canada (GFOA) and the Certificate of Excellence in Financial Reporting program of the Association of School Business Officials (ASBO).
7. Cost effectiveness and reasonableness of Offeror’s proposed fees.

### **IV. Contractual Arrangements**

The proposer must specify the maximum fee applicable to the audit of financial statements for each of the three years under consideration.

An award letter will be issued by the district to the successful proposer(s). The award letter(s) will specify the maximum fee to be paid by the district for performance of the proposed audit as set forth in the successful proposal. The award for the financial statement audit will be for the fiscal year ended June 30, 2012, 2013, and 2014.

The financial statement audit contract may be renewed for the succeeding fiscal years ended June 30, 2015 and 2016. The award(s) for the financial statement audit shall not exceed five (5) audit years.

Any expansion of services beyond the maximum fee must have the prior written approval of the Superintendent.

## **V. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of five years, unless the firm is notified in writing by The School District of Newberry County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

The School District of Newberry County

South Carolina Department of Education

U.S. Government Accountability Office (GAO)

Parties designated by the federal or state governments or by The School District of Newberry County as part of an audit quality review process.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

The School District of Newberry County  
RFP for Financial Statement Audit Services  
Cost Proposal

*Any offer that is unclear as to the total annual cost to the district shall be rejected. All prices and notations should be printed in ink or typewritten. Errors should be crossed out, corrections entered and initialed by the person signing the proposal document. Erasures or use of typewriter correction fluid may be cause for rejection. NO PROPOSAL shall be altered or amended after specified time for proposal opening. For evaluation purposes, costs must be provided in the following format:*

**Financial Statement Audit Services**

<u>Offer</u>	<u>Cost Not to Exceed</u>
1st Year – 6/30/2012	\$ _____
2 <sup>nd</sup> Year – 6/30/2013	\$ _____
3 <sup>rd</sup> Year - 6/30/2014	\$ _____

**Procurement Audit Services**

<u>Offer</u>	<u>Cost Not to Exceed</u>
One Year Period	\$ _____
Two Year Period	\$ _____
Three Year Period	\$ _____

(The procurement audit may cover a one, two or three year period depending on the needs of the District, from July 1, 2012 through June 30, 2015.)

Offerors are to furnish on a separate page a detailed cost breakdown that includes the hourly rates of each audit team member, out-of-pocket expenses, etc. Also, please denote basis of annual increases.

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Name of Firm \_\_\_\_\_

Phone Number \_\_\_\_\_

Signature of Authorized Firm Representative \_\_\_\_\_

Date of Proposal \_\_\_\_\_

My signature above indicates that this proposal is firm for the period of at least 60 days from the due date of the proposal.



