

Lakeview Public Schools

**27575 Harper
St. Clair Shores, MI 48081**

Request for Proposal

Audit Services

**For the Years Ending June 30, 2018, 2019 and 2020
Due Monday, February 12, 2018, at 12:00 p.m.**

January 23, 2018

A. NOTICE OF PROPOSAL

Lakeview Public Schools, in St. Clair Shores, Michigan is soliciting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2018, 2019 and 2020. The district reserves the right to extend the minimum three-year contract up to an additional three years based on satisfactory performance and quality of completion of audit services based on District staff determination and Board of Education approval.

The audit examination of the District must be performed in accordance with the Governmental Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (as revised in 2014), Generally Accepted Auditing Standards, and the Michigan School Accounting Manual.

All questions or correspondence regarding this RFP should be directed:

**Director of Business Services
Kathy Konon, CPA, CGMA
27575 Harper, St. Clair Shores, MI 48081
586.445-4000 ext. 2510, OR kkonon@scslakeview-k12.com**

Responses for this Request for Proposal will be accepted through **Monday, February 12, 2018 at 12:00 noon; responses should be submitted to the Lakeview Public Schools Administration building located at 27575 Harper, St. Clair Shores, MI 48081.** Any proposals received after this date and time will not be considered.

Bidders should provide four (4) copies of the proposal in a sealed envelope. The envelope should clearly indicate: ***“Proposal for Audit Services”***. **Emailed, faxed or electronic bids will not be accepted.**

Although cost will be an important factor in awarding the contract, the school district is not obligated by any statute or regulation to award the purchase of audit services solely on the basis of cost. Qualified bids will be evaluated by Administration, primarily on the criteria provided in Section I - Method of Evaluating Proposals. Accordingly, the school district reserves the right to evaluate all proposals objectively and subjectively and to accept or reject any or all proposals or portion thereof. Additionally, the district reserves the right to negotiate changes in services with the firm determined to have submitted the proposal that is in the best interest of the district.

TIME TABLE:

1. Release of RFP on or about January 23, 2018.
2. Proposals due at 12:00 p.m. on Monday, February 12, 2018.
3. Prospective bidder interviews on or about Tuesday, February 20, 2018.
(If deemed necessary, the top three prospective bidders will be notified for an interview.)
4. Board of Education action by March 6, 2018.
5. Notification of Board approval to all firms as soon as possible after March 7, 2018.
6. Preliminary audit work, if deemed necessary by the audit firm, to be conducted by the first or second week in June 2018 and at a mutually agreeable time for subsequent year audits.
7. Audit to be conducted during August each year at a mutually agreeable time (typically mid-August).
8. Financial Statements completed for distribution ~~in~~ by the end of September following each fiscal year end.
9. Presentation of Financial Statements the Sub-Finance Committee and to the Board of Education by early to mid-October of each year.
10. The selected firm will file audit reports and data collection forms to required agencies on behalf of the district by November 1st or the applicable required deadlines, as determined by the State of Michigan. **The issuance of the financial statements each year must allow Lakeview Public School District to meet state/federal reporting requirements.**

It is to be understood that this RFP constitutes specifications only for the purpose of receiving a proposal for services and does not constitute an agreement for those services. It is further expected that each bidder will read these specifications with care. Failure to provide requested information or meet certain specified conditions may invalidate the proposal.

It is the intent of the Lakeview Public Schools to award this audit proposal for a maximum of three (3) years with a District option to extend the contract not to exceed the length of the original contract; however, the term of the engagement shall end if the audit contract is violated or if the audit quality is unacceptable as determined by the Board of Education.

The information contained herein is believed to be accurate, but is not to be considered in anyway as a warranty.

B. DESCRIPTION OF LAKEVIEW SCHOOL DISTRICT AND RECORDS TO BE AUDITED

Lakeview Public Schools serves students from preschool through high school and is located in Macomb County, Michigan. Macomb County is one of the fastest growing counties in the state. Lakeview Public Schools has enjoyed substantial student enrollment growth the past several years and anticipates continued growth, largely due to our school of choice population, transition of a resident aging population, and strong academic programs.

The District has one preschool building, four elementary buildings, one middle school and one high school.

The following is general information regarding the school district:

Homestead and non-homestead taxable values are \$389,645,220 and \$128,234,780, respectively.

Foundation allowance – 8,190.00

Student enrollment – 4,265

Lakeview’s 2017-18 General Fund annual budget is approximately \$42,000,000 in revenues and \$41,500,000 in expenditures. Total federal award expenditures were \$1,650,769 for year ended June 30, 2017. Our largest federal program is the Special Education Cluster.

Lakeview Public Schools utilizes the AS400 software provided by the Macomb Intermediate School District for several functions, including general ledger and accounting, payroll, personnel and pupil accounting functions.

Our experienced district staff will prepare work papers and audit schedules, including those that relate to federal programs.

Our financial records for the year ended June 30, 2017 are available on the district website at www.lakeview.misd.net

District Staffing

The following list represents key personnel involved in the financial operations of the District and their length of experience:

Name	Position	Total Experience (accounting and HR)	Length of Service with Lakeview Public Schools	Total Experience in Current Position
Kathy Konon, CPA, CGMA	Director of Business Services	27 years	1.5 years	15 years
Shelly Bowie	Supervisor of Business	22 years	14 years	7.5 years
Laura Azzopardi	Accounts Payable/Payroll	10 years	10 years	10 years
Karl Paulson	Superintendent	15 years	15 years	10 years
Tracy VanPeeren	Asst. Superintendent Human Resources	6 years	25 years	6 years

C. NATURE OF SERVICES REQUIRED

Should you be selected as our auditors, you will be required to report on the General Purpose Financial Statements and for federal programs under the, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including but not limited, to all relevant GASB Pronouncements such as GASB 34, 68, 75, etc. In addition, the following services are required:

- Report on internal accounting control as part of the audit of the general purpose financial statements and on compliance with laws and regulations that may have a material effect on the financial statements.
- Provide a report for federal programs under the, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including a report on internal controls and on compliance used in administering federal award programs, identifying all findings of noncompliance, internal controls and questioned costs as required by, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (as revised in 2014)
- If applicable, a report on fraud, abuse or an illegal act or indications of such acts.
- Report to the Board of Education on audit results, suggestions, etc. (management letter).
- Personal presentation of the final report to the Board Finance Committee and the Board of Education by a member of the firm who worked on site on the annual audit.
- Engagement team members must have extensive experience in school district audits, and are anticipated to return for subsequent year engagements.
- Key engagement team members must be knowledgeable in all aspects of school district auditing, accounting and reporting.
- The Firm should have regular communications with Lakeview Public Schools for specific consulting services throughout the year.

D. Firm/Auditor Qualifications

The following must be affirmed in the proposal response:

- The organization and size of the respondent, whether it is local, regional, national or international in operations.
- The firm is properly licensed for public practice as a certified public accountant in Michigan.
- A description of the range of activities performed by the local office such as auditing, accounting, or management services as well as involvement in the school district industry.
- The firm must maintain a sufficient number of professional staff in order to provide adequate technical expertise and depth.
- A statement of the respondent's staff capability to audit federal programs, including the number and classification of personnel skilled in federal program auditing who will work on the audit.

- The firm and the partner assigned to the district must have considerable experience in auditing K-12 public school districts within the State of Michigan.
- The auditor is expected to be familiar with the types of policies and procedures school districts follow.
- The auditor will provide a professional profile of the individual responsible for the overall management of the audit. The auditor must be fully informed regarding generally accepted accounting principles and auditing procedures.
- The firm shall identify the audit manager, field supervisors and other staff who will work on the audit, including staff from other than the local office.
- Assurance must be given that during the course of the life of the three-year contract there will be some continuity in the assignment of audit staff. It is to the mutual interest of the district and the audit firm that there not be any dramatic changes in audit staff every year.
- The firm's professional staff must be trained specifically in auditing and accounting for school districts.
- The firm should be actively involved in school financial organizations on a county and state level.
- All assistants must be properly trained and supervised and the work must be adequately planned.
- The firm must have an excellent reputation for service in school district auditing.
- Affirmation from the prospective audit firm for the following:
 - Audit firm does not have a record of substandard audit work.
 - Audit firm has received an unqualified Peer Review Report.
 - Audit firm's involvement serving school districts.
 - Audit firm provides well trained, qualified staff and partners and how this is accomplished.
- The Firm should provide at least 5 client references who can attest to the quality of their work, team member's professionalism, and public presentations.

In addition, we request that the auditor offer possible alternative solutions to improve fiscal management of Lakeview Public Schools and that the auditor advise the Business Office leadership in writing of any changes in accounting procedures to assist with the ongoing compliance with the latest recommendations.

E. COMMUNICATION/MONITORING

The auditor will maintain regular contacts and meetings with the District administrators and other personnel including but not unlimited to:

- Engagement planning meeting
- Progress reports
- Closing review meeting
- Changes that would affect the reporting requirements of the District
- Sharing of innovative methods and procedures that may warrant District investigation and/or consideration.
- Newsletters or other method of regular communications containing information with specific benefits to school districts.
- Pre-audit and audit timelines (estimated number of days in the field and in follow-up).

- A meeting with the Board Finance Committee will be held to discuss the results of the audit, prior to Board of Education meeting designated to accept the Audit results.

F. RIGHT TO REJECT

The Lakeview School District reserves the right to reject any and all proposals submitted and to request additional information from all prospective bidders. Any contract awarded will be to the independent auditor who, based on evaluation of all responses, applying all criteria and oral interviews, if necessary, is determined to be the best qualified to complete the audit.

G. WITHDRAWAL OF PROPOSALS

Proposals shall remain valid for a period of ninety (90) days after submission. Modifications to proposals will not be accepted by the district, except as may be mutually agreed upon following the acceptance of the proposal.

H. NUMBER OF COPIES OF AUDITOR'S REPORTS

The auditor shall furnish the District with one (1) unbound copy, one (1) electronic copy and twenty (20) bound copies of the Financial Report and Single Audit Report. In addition, the auditor shall furnish an electronic copy of the data collection form and send the requested numbers of copies for submission to each federal, state (and county) agency, as applicable.

I. METHOD OF EVALUATING PROPOSALS

Proposals will be evaluated with a strict emphasis on quality. The federal government has the authority to review the audit report and audit workpapers to ascertain the quality of the audit. In response to a deficient audit, the cognizant agent or its designees of the federal government can disallow the cost of the audit as an allowable cost of the federal grants. Furthermore, the citizens are expecting quality stewardship of all available resources. As such, the primary emphasis of procuring an audit will be the quality of technical factors of the audit firm and the timeliness and professionalism of the staff on site. Technical qualities that will be analyzed include:

1. Quality of the RFP response in providing the District a clear understanding of the Firm.
2. Number of school districts audited by office of CPA firm proposing.
3. Demonstrated methods to effectively use time and staffing resources to hold cost down.
4. Understanding of and involvement in school related organizations.
5. Demonstrated training of personnel in governmental and federal grant auditing.
6. Perceived quality of staff included in assignment.
7. Provided at least five (5) client references, preferably from school districts in Michigan.
8. Maintenance of a secondary partner on the engagement.
9. Internal quality control procedures and external quality control reviews.
10. Ability to communicate audit results in an effective manner (samples).
11. Ability to respond to the district's current and future professional service needs.
12. Other services available to the district throughout the year at no additional cost.

After the technical qualities are evaluated, cost and other considerations will be evaluated. The proposing audit firm should indicate the cost of the audit for each of the three (3) year audit engagements and the range or average cost per hour for additional services beyond the scope of the base audit. Once all factors have been evaluated, Administration will determine the audit firm that is most qualified and reasonable in cost will be selected for recommendation to the Board of Education.

L. FORMAT OF THE RFP RESPONSE

It is suggested the RFP response should be formatted as follows; however, prospective bidders may add attachments and other information that they deem appropriate to assist in the district's determination.

Title Page

The response should identify the RFP subject, proposal numbers, if any, the name of the independent auditor, local address, telephone number, name, email address and title of contact person and date of submission. The period that the proposal is effective (non-rescindable) should also be disclosed.

Table of Contents

The Table of Contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

Letter of Transmittal

The letter of transmittal should contain the following information:

1. A brief understanding of the audit service to be performed.
2. A positive commitment to perform the service within the time period specified.
3. The names of persons authorized to represent the respondent, their title, email address, address and telephone number. This may be important if different from the individual who signs the transmittal letter.

Audit Proposal Form (Auditor qualifications and affirmation statements)

This set of questions should be completed to highlight information about the audit firm and the auditor qualifications. This is meant to be a tool to organize this proposal, but additional qualifications or information that you feel is necessary for us to make a determination can be added as attachments to this request for proposal.

Fees/Pricing

Please make sure to complete the “Fees” section as detailed as possible to minimize questions on what is included in the base audit fee and what additional services and costs are not included the base audit fee.

Base audit cost:

For the year ending June 30, 2018: _____

For the year ending June 30, 2019: _____

For the year ending June 30, 2020: _____

Cost for Alternate Services (if in addition to base audit cost from above):

GASB 75 Assistance or future GASB’s: _____

Audit Bond/Sinking Fund Projects: _____

Fixed Assets: _____

Single Audit: _____

Hourly rates for consulting services beyond the scope of the ordinary consultation services included in number 11 included in the Audit Proposal Form.

Partner:
Lead/Associate:
Other:

Time Requirements

If not already adequately covered in the letter of transmittal, the response should detail information on how the audit firm plans to meet the time line and reporting deadline requirements of the engagement.

References

Please include a list of five (5) school district references, including contact person and contact information, that your firm provides audit services.

Additional Data

Provide any additional data the respondent feels may be helpful in the selection process.

**LAKEVIEW SCHOOL DISTRICT
AUDIT PROPOSAL FORM**

Please complete and return this proposal form with any additional information that is necessary to help Administration evaluate your firm.

Proposals are due by 12:00 p.m. on February 12, 2018

1. Please provide general information about the company, its Principals/Partners, and the company's history, including the state and date of incorporation.

2. How many years has your company been in business?

3. Location of office that would perform our audit:

4. References of school district audits and single audits your firm conducted in each of the last five years (attach a list of school districts and contact information, at least 5).

5. Number of other governmental (fund accounting) audits your firm has conducted in each of the last two years (attach a list of names and contact names).

6. Provide a list of your firm's involvement in school district professional organizations; i.e., legislative and Department of Education committees, Michigan School Business Officials, Association of School Business Officials, MACPA Committees etc.

7. List specific, recent school district audit training supplied to your staff and partners.

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8. Number of total audit staff (do not include tax, consulting services or clerical).

Number of audit staff: _____

Number of audit staff with CPA certification: _____

9. Number of staff as defined in the question above who were directly involved in a significant portion of the audit of a school district in the last two years.

Firm Local Office

Number of staff: _____ _____

10. Of the staff who has been assigned to school audits, what is the average number of years with your firm and in public accounting? (List in order of highest seniority of school district audits.)

In Public
Accounting With Your Firm

Staff member with highest number of years: _____ _____

Next staff member with highest number of years: _____ _____

Average number of years school audit staff: _____ _____

11. What type of consultation do you provide to the school district on an annual and ongoing basis at no additional cost?

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12. Indicate other services that you provide to your clients.

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13. Has your firm gone through the peer review process? YES / NO

14. Has it received an unqualified opinion? YES / NO
Please provide a copy of your most recent Quality Review report including recommendations provided by the reviewer.
15. Does the firm meet the independence requirements specified by Government Auditing Standards? YES / NO
16. Will the staff assigned meet the continuing professional education requirements specified by Government Auditing Standards? YES / NO
17. Describe your firm's use of technology in conducting the annual audit.

18. Describe how your firm will help the district implement new financial standards or requirements

Contact Information for Authorized Representative of Firm:

(This individual will be the point of contact for questions and other communication about the RFP process)

Name of Firm:

Address:

Phone/Email Contact Person:

Name of Person who would be in charge of Lakeview's Audit:

Any additional information you believe may be helpful can be provided here and/or attached to your proposal: