

TAYLOR INDEPENDENT SCHOOL DISTRICT

REQUEST FOR PROPOSAL
AUDITING SERVICES
2019 to 2023

Taylor Independent School District
3101 North Main, Suite 104
Taylor, Texas 76574

1. INTRODUCTION

A. General Information

The Taylor Independent School District is requesting proposals from qualified firms of certified public accountants (Auditor) to audit its financial statements for the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the four subsequent fiscal years.

The audit will be a Single Audit conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations; and guidelines promulgated by the Texas Education Agency.

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three (3) copies of a proposal must be received in the Business Office, by 2:00 p.m., April 30, 2019. The District reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the Chief Financial Officer, Superintendent, and Deputy Superintendent.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information and clarifications from proposers or to allow corrections of errors or omissions. Any such information given, either orally or in writing, is not given in confidence and may be used, or disclosed to others, for any purpose at any time, without obligation or compensation and without liability of any kind whatsoever.

At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process, at a time determined by the District.

It is anticipated that the selection of a firm will be completed by May 22, 2019. Following notification of the selected firm, a contract will be executed between both parties as soon as possible thereafter.

The District's Comprehensive Annual Financial Report for the year ended June 30, 2018 can be found on the Texas Education Agency's website under the Financial Audits Section or on the Taylor Independent School District's website under Business and Finance. The Taylor Independent School District's county education district number is 246-911.

B. Term of Engagement

A five-year contract is contemplated, said term being subject to the annual review and recommendation of the Superintendent to the Board of Trustees.

2. NATURE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2019, with the option to audit the District's financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Audit Objectives

The objective of the audit is the expression of an opinion as to whether the general purpose financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the schedule of expenditures of federal awards when considered in relation to the general purpose financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, and noncompliance which could have a material effect on the financial statements, in accordance with government auditing standards.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major

Program, in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and, if applicable, pass-through entities.

The audit will be conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures you consider necessary to enable you to express such an opinion and to render the required reports. If your opinion on the general purpose financial statements or the Single Audit compliance opinion is other than unqualified, you will fully discuss the reasons with us in advance. If, for any reason, you are unable to complete the audit or are unable to form or have not formed an opinion, you may decline to express an opinion or to issue a report as a result of this engagement.

C. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Chief Financial Officer, the Superintendent, and the Board.

D. Reporting to the District

Auditors shall ensure that the District is informed of each of the following:

- i. The Auditor's responsibility under generally accepted auditing standards
- ii. Significant accounting policies
- iii. Management judgments and accounting estimates
- iv. Significant audit adjustments
- v. Other information in documents containing audited financial statements
- vi. Disagreements with management
- vii. Management consultation with other accountants

viii. Major issues discussed with management prior to retention

ix. Difficulties encountered in performing the audit

E. Special Services (Optional)

i. Should the Board decide to submit a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) and/or the International Association of School Business Administrators, the Auditor will be required to assist in the preparation and submission of the necessary documents.

F. Prior Audit Findings

None.

G. 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 three (3) 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 the following parties or their designees:

- i. Board of Education;
- ii. Texas Education Agency;
- iii. U.S. General Accounting Office (GAO);
- iv. Parties designated by federal or state government or by the District as part of an audit quality review process;
- v. Auditors of entities of which the District is a subrecipient of grant funds; and,
- vi. 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.

3. DESCRIPTION OF THE DISTRICT

A. Contact Person

The Auditor's principal contact with the District will be Bill Mikulencak, or a designated representative, who will coordinate the assistance to be provided by the District to the Auditor. An organizational chart and a list of key personnel with the location of their principal offices are attached.

B. Background Information

The District is governed by education law and other laws of the state. The scope of activities included within the accompanying financial statements are those transactions that comprise District operations and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions, and organizations for which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based on the foregoing criteria, the extra classroom activity funds are included in the reporting entity. The extra classroom activity funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extra classroom activity funds are independent of the District with respect to its financial transactions and the designation of student management.

C. Budgetary Basis of Accounting

The District prepares its budgets on a basis consistent with generally accepted accounting principles. The budget and accounting policies of the District conform to generally accepted accounting principles for local governmental units, as prescribed by GASB as well as the State System.

D. Federal and State Financial Assistance

During the fiscal year to be audited, the District is expected to receive Federal Financial Assistance as well as State Financial Assistance. A schedule of State and Federal Financial Assistance is available upon request.

E. Pension Plans

The District participates in the state Teachers' Retirement System. Obligations of employers and employees to contribute and benefits to employees are governed by the state Retirement and Social Security Law. The Systems offer a wide range of plans and benefits, death and disability benefits, and optional methods of benefit payments. All benefits generally vest after 10 years of credited service.

The state Retirement and Social Security Law provides that all participants in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers.

Generally, all employees, except certain part-time employees, participate in the Systems.

F. Magnitude of Finance Operations

The Finance department is headed by the Chief Financial Officer. The Finance Department consists of five full and part-time employees.

G. Computer Systems

The District uses the Frontline Education (TEAMS) accounting software program for its various accounting and payroll functions. All accounting and payroll operations are performed in-house on computers. Individual reports are available online on an ad hoc basis. The system maintains all journals and ledgers.

4. TIME REQUIREMENTS

A. Request for Proposal Calendar

The following is a list of key dates, up to and including the date when proposals are due to be submitted:

Request for proposal issued: April 10 2019

Due date for proposals: 2:00 p.m., April 30, 2019

B. Notification and Contract Dates

Selected firm notified: May 22, 2019

Contract date: May 22, 2019

C. Date Audit Shall Commence

To be determined. The District will have all records ready for audit and all management personnel available to meet with the firm's personnel .

D. Schedule for the 2018-2019 Fiscal Year Audit

(A similar time schedule will be developed for audits of future fiscal years if the District exercises its option for additional audits.)

Each of the following should be completed by the Auditor no later than the dates indicated:

- i. Interim Work: Time to be worked out with Chief Financial Officer.
- ii. Detailed Audit Plan: The Auditor shall provide the District with both a detailed audit plan and a list of all schedules to be prepared by the District prior to July 15, 2019.
- iii. Fieldwork: The Auditor shall complete all fieldwork by October 18, 2019 unless a later date is agreed to by the Chief Financial Officer .
- iv. Draft Reports: The Auditor shall have drafts of the audit report(s) and recommendations to management available for review by the Chief Financial Officer by November 1, 2019 unless a later date is agreed to by the Chief Financial Officer.

E. Entrance Conferences, Progress Reporting, and Exit Conferences

(A similar time schedule will be developed for audits of future fiscal years if the District exercises its option for additional audits.)

At a minimum, the following conferences should be held as indicated on the schedule, at mutually convenient times:

Entrance conference with all key finance department personnel and department heads of key offices or programs as determined by the Chief Financial Officer. The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the Auditor.

First progress conference with the Chief Financial Officer and department heads of key offices or programs. The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested.

Second progress conference with the Chief Financial Officer, key finance department personnel, and other department heads of key offices or programs. The purpose of this meeting will be to discuss the year-end audit work to be performed.

Exit conference with the Chief Financial Officer and department heads of key offices or programs. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

In addition, the Auditor shall provide written reports on the progress of the audit, as required.

F. Date Final Report Is Due

The Auditor shall prepare the financial statements, notes, and all required supplementary schedules and statistical data. The Auditor shall also provide all recommendations, revisions, and suggestions for improvement to the Chief Financial Officer. The Chief Financial Officer will complete the review of the draft report of the audited financial statements as expeditiously as possible. During that period, the Auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final, signed report shall be prepared in time for the timely acceptance by the Board and its subsequent delivery to the Texas Education Agency by the statutory deadline of November 27, 2019. The Board generally meets on the third Monday of each month.

The final report and ten signed copies should be delivered to the Chief Financial Officer at the District's Administrative Offices.

5. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the District. The Auditor will be responsible for providing draft copies of letters and memoranda.

B. Internal Audit Staff Assistance

The District does not have an Internal Audit Staff.

C. Electronic Data Processing (EDP) Assistance

Personnel will be available to provide systems documentation and explanations. The Auditor will be provided computer time and access to the District computer hardware and software on mutually agreed terms.

D. Schedules to be Prepared by School District's Staff

The staff of the District will prepare those schedules for the Auditor as mutually agreed to.

E. Work Area, Telephones, Photocopying, and Fax Machines

The District will provide the Auditor with reasonable work space, desks, and chairs. The Auditor will also be provided with access to telephone lines, photocopying facilities, and fax machines for District-related business use only.

F. Report Preparation

Report preparation, editing, and printing shall be the responsibility of the Auditor.

6. MANAGEMENT ADVISORY SERVICES (Optional)

In addition to the audit services requested, the District may wish to procure management advisory services during the course of the year to assist the Board in various financial manners.

7. PROPOSAL REQUIREMENTS

A. General Requirements

i. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to Bill Mikulencak.

ii. Submission of Proposals

The following material is required to be received by 2:00 pm on Tuesday, April 30, 2019, for a proposing firm to be considered:

- a. The proposer shall submit three (3) copies of the Technical Proposal, which should include the following:

Title page showing the request for proposal's subject, the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

Table of Contents

Transmittal Letter - A signed letter of transmittal, briefly stating the proposer's understanding of the work to be done, the commitment to

perform the work within the time period, a statement as to why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for services to be rendered.

Detailed Proposal - The detailed proposal should follow the order set forth in Section VII.B. of this request for proposal.

- b. The proposer shall submit three (3) copies of a dollar cost bid in a separate envelope marked as follows:

DOLLAR COST BID PROPOSAL FOR
TAYLOR INDEPENDENT SCHOOL DISTRICT
PROFESSIONAL AUDITING SERVICES FOR THE YEAR(S)
ENDING JUNE 30, 2019, 2020, 2021, 2022, 2023

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following: Bill Mikulencak, Chief Financial Officer, 3101 North Main, Suite 104, Taylor, Texas 76574.

B. Technical Proposal (No Dollars Should be Included in the Technical Proposal)

- i. General Requirements: The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information, which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item Nos. ii through xi, must be included. They represent the criteria against which the proposal will be evaluated.

- ii. Independence: The firm should provide an affirmative statement that is independent of the District, as defined by generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the firm shall give the District written notice of any professional relationships entered into during the period of this agreement.
- iii. License to Practice in the state: An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the state.
- iv. Firm Qualifications and Experience: The proposer should state the size of the firm, the size of the firm's school district audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified, and the firm that is to serve as the principal Auditor should be noted, if applicable. The firm is also required to submit a copy of the report on its most recent external quality control/peer review, with a statement as to whether that quality control/peer review included a review of specific school district engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years by state regulatory bodies or professional organizations.

Describe any periodical or occasional publications produced by the firm in the school district accounting and auditing area.

Describe the firm's experience in assisting school districts in communication with rating agencies and preparation of official statements.

- v. Partner, Supervisory, and Staff Qualifications/Experience: Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether such persons are registered or licensed to practice as certified public accountants in the state. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons, with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

- vi. Prior Engagements with the District: List separately all engagements within the last five (5) years, ranked on the basis of total staff hours, for the District by type of engagement (i.e., audit, management advisory services, other).

Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

- vii. Similar Engagements with Other School Districts: For the firm's office that will be assigned responsibility for the audit, list the engagements (maximum

— 5) performed in the last five (5) years that are similar to the engagement described in this request for proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

viii. Specific Audit Approach: The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section 2 of this request for proposal. In developing the work plan, reference should be made to such sources of information as the District budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information in their audit approach:

- a. Proposed segmentation of the engagement;
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement — NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL;
 - c. Sample sizes and the extent of any statistical sampling to be used in the engagement;
 - d. Extent of use of EDP software in the engagement;
 - e. Type and extent of analytical procedures to be used in the engagement;
 - f. Approach to be taken to gain and document an understanding of the District's internal control structure;
 - g. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
 - h. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- ix. Identification of Anticipated Potential Audit Problems: The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the District.

- x. Report Format: The proposal should include sample formats for required reports.
- xi. Other Information: Provide any other information that you believe will assist the District in making its selection. Such information may be in this last section of the proposal or may be represented in one or more appendixes.

C. Dollar Cost Bid

- i. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement, as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

The first page of the dollar cost bid should include the following information:

- a. Name of firm;
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District;
 - c. A Total All-Inclusive Maximum Price for the 2018-2019 engagement and each of the four subsequent years.
- ii. Rates by Partner, Specialist, Supervisory, and Staff Level Multiplied by the Hours Anticipated for Each

The second page of the dollar cost bid should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price. The cost of special services described in this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

- iii. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price

Out-of-pocket expenses for the firm personnel (e.g., travel, lodging, and subsistence) will be the responsibility of the Auditor. All estimated out-of-

pocket expenses should be included in the Total All-Inclusive Maximum Price for each year.

A statement must be included in the dollar cost bid, stating that the Auditor will not seek reimbursement for travel, lodging, subsistence, or other out-of-pocket costs incurred in connection with the audit of the District's finances.

iv. Rates for Additional Professional Services

If it should become necessary for the District to request the Auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

v. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred, in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

8. EVALUATION PROCEDURES

A. Evaluations

Proposals submitted will be evaluated by the Chief Financial Officer, Superintendent, and Deputy Superintendent.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria to be considered during the evaluation process.

i. Mandatory Criteria

- a. The audit firm is independent and licensed to practice in the state;

- b. The firm meets independence standards, including having no conflict of interest with regard to any other work performed by the firm for the District;
 - c. The firm submits a copy of its last external quality control/peer review report, and the firm has a record of quality audit work; and
 - d. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- ii. Technical Criteria
- a. Expertise and Experience
 - 1. The firm's past experience and performance on comparable school district engagements;
 - 2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation; and
 - 3. The firm's record of meeting the continuing education requirements as set forth by the state, the AICPA and generally accepted government auditing standards.
 - b. Audit Approach
 - 1. The adequacy of proposed staffing plan for various segments of the engagement;
 - 2. The adequacy of sampling techniques; and
 - 3. The adequacy of analytical procedures.
 - c. Cost Criteria

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

The District reserves the right to retain all proposals submitted and use any idea in a proposal, regardless of whether that proposal is selected.

C. Oral Presentations

During the evaluation process, the District may, at its discretion, request anyone or all firms to make oral presentations. Such presentations will provide firms with an

opportunity to answer any questions the District may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

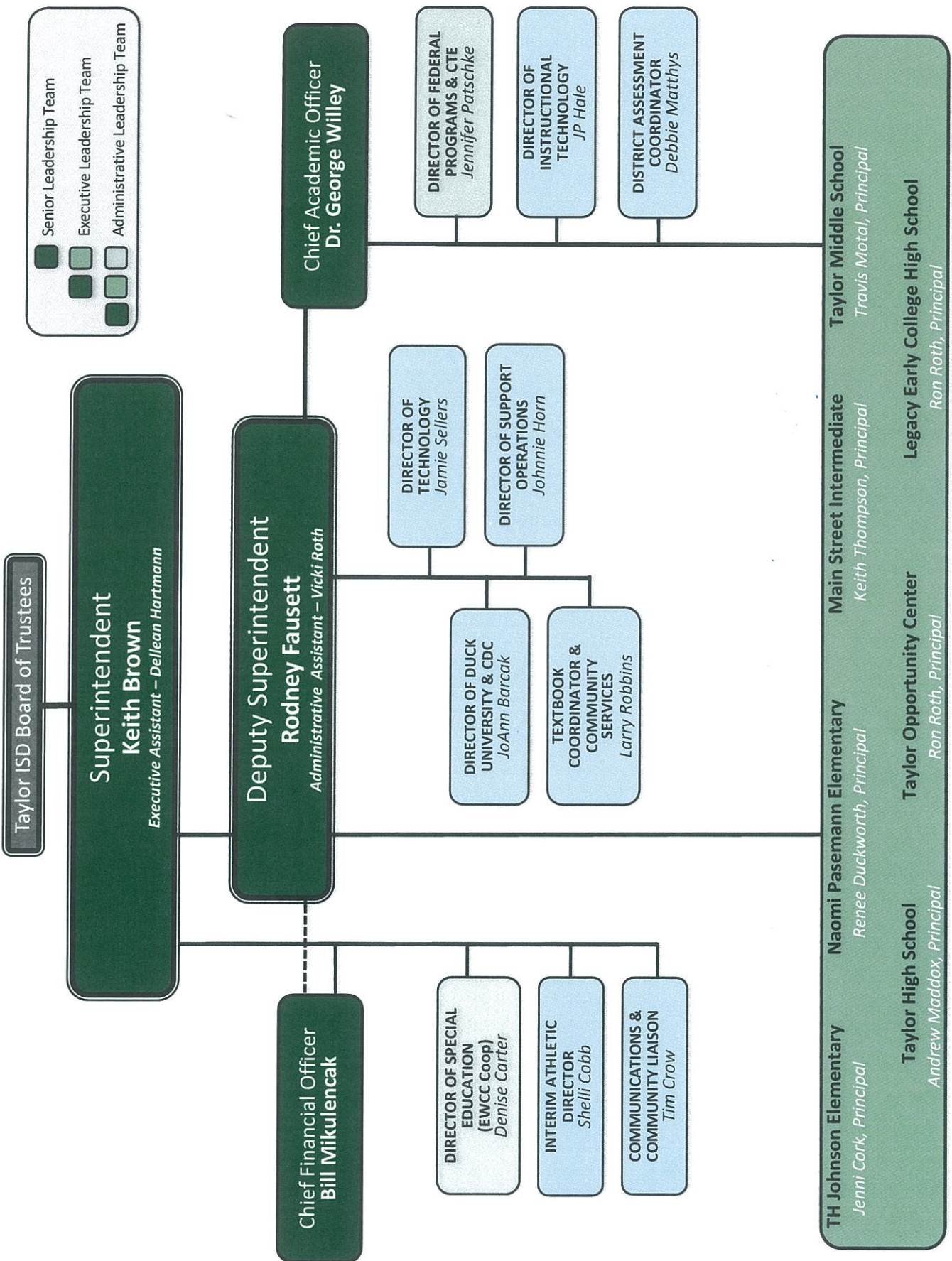
D. Final Selection

The Board will select a firm based on the recommendation of the Superintendent. It is anticipated that a firm will be selected by May 22, 2019. Following notification of the firm selected, it is expected that a contract will be executed between both parties, effective that date.

E. Right to Reject Proposals

Submission of proposal indicates acceptance by the firm of the conditions contained in this request for proposal submitted and confirmed in the contract with the District.

The District reserves the right without prejudice to reject any or all proposals.



■ Senior Leadership Team
 ■ Executive Leadership Team
 ■ Administrative Leadership Team