



FENTON CHARTER PUBLIC SCHOOLS

REQUEST FOR PROPOSAL FOR AUDIT SERVICES

I. GENERAL INFORMATION

Fenton Charter Public Schools (hereinafter referred to as “the Charter Management Organization”) is requesting proposals from licensed certified public accountant firms to audit its financial statements for the fiscal year ending June 30, 2020, with the option of auditing its financial statements for the subsequent two (2) fiscal years. These audits are to be performed in accordance with the provisions included in this request for proposal:

To be considered, two (2) copies of a proposal must be received by

Irene Sumida, Executive Director
Fenton Charter Public Schools
8928 B Sunland Boulevard
Sun Valley, California, 91352

by 2:00 P.M. on Friday, February 21, 2020. Fenton Charter Public Schools reserves the right to reject any or all proposals submitted.

The Charter Management Organization reserves the right, where it may serve the Charter Management Organization’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Charter Management Organization, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Submission of the proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Fenton Charter Public Schools and the firm selected.

It is anticipated the selection of a firm will be completed by February 28, 2020. Following the notification of the selected firm, it is expected a contract will be executed between both parties by March 6, 2020.

II. NATURE OF SERVICES

A. Scope of Work to be Performed

The auditor will express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The financial and compliance audit will involve all of the Fenton Charter Public School's funds and accounts. The auditor is required to analyze and apply audit procedures to the supplementary information in order to comply with reporting requirements as prescribed by the California Department of Education and the Audit Guide *as it relates to charter schools*. (Note that attendance auditing is required for charter schools).

B. Auditing Standards

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits 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*.

C. Reports Required

1. Basic nonprofit financial statements and required supplementary schedules:

- a. Two (2) preliminary drafts
- b. Eight (8) final bound copies
- c. One (1) master unbound set

2. Management letter to the Executive Director of the Fenton Charter Public Schools:

Purpose shall be to make known recommendations of the auditor which, if implemented, would in the auditor's opinion, increase the efficiency and improve internal accounting control as they relate to the business operations essential to the charter management organization. All comments and recommendations shall be discussed with, and a draft of the letter provided to the Executive Director, prior to issuance.

3. All Reports:

The audit reports shall be in accordance with generally accepted auditing standards, the standards set forth for financial audits in the *Government Auditing Standards*, issued by the Comptroller General of the United States; *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non Profit Organizations*. The audit

reports shall comply with the requirements set forth by the State Controller's Office with respect to charter school reporting.

D. 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 seven (7) years, unless the firm is notified in writing by the Charter Management Organization of the need to extend the retention period.

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.

E. Timing, Location, and Conduct of Audit Work

In addition to time requirements established by the California Department of Education and the Los Angeles Unified School District, the following conditions shall apply:

1. The Charter Management Organization expects to receive prior to June 30th of each year, a list of schedules to be prepared and other items required for the audit.
2. Pre-closing, interim, tests and procedures shall be conducted at a mutually agreeable time.
3. Prior to completion of the audit, the auditor will provide the Charter Management Organization's Executive Director and/or Financial Business Consultant with the adjusting journal entries for review.
5. Report completion and an exit conference are required by November 15th of each year.
6. Prior to submission of the completed report, the auditor will be required to review a draft of the proposed report and management letter with the Executive Director and/or Financial Business Consultant. The management letter will be sent to the Executive Director of the Fenton Charter Public Schools.
7. The financial audit reports must be submitted to the Charter Management Organization no later than December 1st of each year. The financial Audit Statement must be submitted to the Los Angeles Unified School District, Los Angeles County Superintendent, California Department of Education and California State Controller's Office no later than December 15th of each year.

8. The auditor will present the financial statement and management letter at a meeting of the Fenton Charter Public Schools Board of Directors as requested.

III. DESCRIPTION OF THE CHARTER MANAGEMENT ORGANIZATION

A. Principal Contact

The auditors will report to the Executive Director of the Fenton Charter Public Schools and will receive information from the Executive Director, Financial Business Consultant, or a designated representative, who will coordinate the assistance to be provided by the Charter Management Organization to the auditor.

B. Background Information

The Fenton Charter Public Schools is a charter management organization, and non-profit public benefit corporation [501(c)(3)], consisting of five public charter schools authorized by the Los Angeles Unified School District, serving grades TK (Transitional Kindergarten) to sixth grade. Annual ADA is approximately 2,800, and the Charter Management Organization has approximately 250 full-time and 250 part-time employees.

The chart below lists the five schools within the Fenton Charter Public Schools organization (audit would be a consolidated audit report):

NAME OF SCHOOL	TYPE OF CHARTER	GRADE LEVELS SERVED	ENROLLMENT
Fenton Avenue Charter School (FACS)	Conversion	3-5	635
Fenton Primary Center (FPC)	Start-up/Conversion (charter was written to move Fenton Avenue off year round calendar)	TK-2	700
Santa Monica Blvd. Community Charter School (SMBCCS)	Conversion	State preschool; TK-6	865
Fenton STEM Academy (STEM)	Start-up	TK-6	315
Fenton Charter Leadership Academy (FCLA)	Start-up	TK-6	325
TOTAL			2,840

The administrative personnel at the schools consist of a Director, Assistant Director(s), and Administrative Coordinator(s). All schools have three administrators, except for Santa Monica Boulevard, which has four (Director, Assistant Director and two Administrative Coordinators).

The Fenton Charter Public Schools business office personnel consist of a Business Data Manager responsible for all data collection related to students (CALPADS and other state and federal reporting) and employees; Payroll/Human Resource Manager responsible for payroll; an Attendance Manager responsible for

attendance documentation and reporting for all five sites; an IT Manager who oversees the E-Rate program, technology needs, and inventory of equipment at all locations; and an Administrative Assistant who is responsible for Accounts Payable. The Charter Management Organization has also contracted with a Financial Business Consultant to assist with various business functions. The Fenton Charter Public Schools uses the accrual basis of accounting. The Charter Management Organization contracts with EdTec for their back-office accounting and maintains bank accounts with East West Bank.

2019-2020 Budget Information is provided (see Appendix A)

C. Federal and State Financial Assistance

As part of the Single Audit Act, all Federal Financial Assistance received by the Fenton Charter Public Schools must be considered for compliance auditing. The Charter Management Organization receives approximately \$5 million of its revenues from Federal sources.

IV. TIME REQUIREMENTS

A. Proposal Calendar

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

Requests for proposals issued	January 31, 2020
Due Date for proposal	February 21, 2020

B. Notification and Contract Dates

Selected firm notified	February 28, 2020
Contract date	March 6, 2020

C. Date Audit May Commence

The Fenton Charter Public Schools will have all records, posted statements, bank reconciliations, and other necessary reports ready for audit and all management personnel available to meet with the firm's personnel as of **August 15, 2020**.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Proposals

The following material is required to be received by **February 21, 2020** for a proposing firm to be considered:

- a. Two (2) copies of the proposal to include the following:

i. Title page

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

ii. Table of Contents

iii. 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 of why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days.

iv. Detailed Proposal

THE DETAILED PROPOSAL SHOULD FOLLOW THE ORDER SET FORTH IN SECTION V.B. OF THIS REQUEST FOR PROPOSAL.

c. Proposer should send the completed proposal to the following address:

Irene Sumida, Executive Director
Fenton Charter Public Schools
8928 B Sunland Boulevard
Sun Valley, CA 91352

B. Technical Proposal

1. General Requirements

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. As such, the substance of proposals will carry more weight than their form or manner of presentation.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

While additional data may be presented, the following subjects, items No. 2 through 9, must be included. 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 proposal. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the Fenton Charter Public Schools as defined by generally accepted auditing standards/the U.S. General Accounting Office's government Auditing Standards (2003). The firm should also list and describe the firm's professional relationships involving the Charter Management Organization 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.

3. License to Practice in California.

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's nonprofit or government 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.

The firm shall provide information on the results of the most recent peer review and the results of any Federal or State reviews of its audits during the past five (5) 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 five (5) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past five (5) years and membership in professional organizations relevant to the performance of the audit.

The firm should 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. The firm also should 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 Charter Management Organization.

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

6. Prior Engagements with the Fenton Charter Public Schools.

The firm should list separately all engagements within the last five years for the Fenton Charter Public Schools by the type of engagement (i.e. audit, management advisory services, other). For each engagement, the firm should 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.

7. Similar Engagements with Other Charter Schools, Charter Management Organizations or Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of ten) performed in the last five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. 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 II of this request for proposal.

Firms are required to provide the following information on 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 to which statistical sampling is to be used in the engagement

- d. Type and extent of analytical procedures to be used in the engagement
 - e. Approach to be taken to gain and document an understanding of the Charter Management Organization's internal control structure
 - f. Approach to be taken in determining laws and regulations that will be subject to audit test work
9. 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 Charter Management Organization.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

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

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

The sealed dollar cost bid sheet 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 Fenton Charter Public Schools.
 - c. A fixed price consistent with auditing standards at that time for the 2020, 2021 and 2022 engagements.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each
- The sealed dollar cost bid should include a schedule of professional fees and expenses.
3. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price
4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the agreement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld pending delivery of the firm's final reports.

VI. EVALUATION PROCEDURES

A. Administrative Review

Proposals submitted will be evaluated by the Executive Director and Financial Business and Financial Consultant.

B. Review of Proposals

The Administrative Review will consist of a point formula during the review process to score proposals by each of the criteria described below.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid.

C. Evaluation of Proposals

The following is intended to give a brief description of the steps that will be used in the evaluation of the proposals. The evaluators will compare the relative merits of alternative audit approaches and will assess the hours required by staff level to complete the various segments of the audit as well as determine if the experience of assigned staff is adequate for the type of audit desired.

Technical Criteria	Point Range
1. Responsiveness of the proposal in clearly stating an understanding of the work to be performed (0-45)	
a. Audit Coverage Adequacy of sampling techniques Adequacy of analytical procedures	0-20
b. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants assigned	0-10
c. Copy of an audit conducted last year for another similar charter school or charter management organization	0-15
2. Technical experience of the firm (0-40)	
a. Auditing of the type under consideration	0-15

b.	Auditing similar entities (size/budget)	0-20
c.	Firm or staff auditing experience with this district	0-5
3.	Qualifications of staff, including consultants, to be assigned to the audit. Education, including continuing education courses taken during the past two years, position in the firm, and years and types of experience will be considered. (0-30)	
a.	Qualifications of the audit team	0-20
b.	Supervision to be exercised over the audit team by the firm's management	0-10
4.	Size and structure of the firm	0-10
	TOTAL TECHNICAL POINTS	0-125

Cost Criteria	Point Range
1. Cost of the Audit	0-25
TOTAL COST POINTS	0-25
MAXIMUM POINTS	0-150

While the total score will be a significant factor, the Fenton Charter Public Schools reserves the right to make a final selection

D. Final Selection

It is anticipated that a firm will be selected by **February 28, 2020**. Following notification of the firm selected, it is expected a contract will be executed between both parties by **March 6, 2020**.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Fenton Charter Public Schools and the firm selected.