



## REQUEST FOR QUALIFICATIONS

### ANNUAL FINANCIAL AUDIT SERVICES

(RFQ# 2020-01)

The Aubrey Independent School District is requesting qualifications from public accounting firms to perform the annual audit for fiscal year ending August 31, 2020.

#### I. BACKGROUND INFORMATION

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

Aubrey Independent School District (“the District”) has an enrollment of 2,500 in grades pre-kindergarten through 12, on 4 campuses. The 2019-2020 budgeted expenditures for the General, Food Service and Debt Service Funds is \$29,790,317. The school district expended federal financial assistance for several programs including but not limited to National School Lunch Program, ESEA Title I Part A - Improving Basic Programs.

The District’s Comprehensive Annual Financial Report for the year ended August 31, 2019 has been included with this Request for Qualifications.

The District has received Superior Ratings in Financial Reporting from Texas Education Agency for the years ended August 31, 1988 through August 31, 2019. We believe that our current report continues to conform with the requirements of this program.

#### A. Purpose of the Audit

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal year 2020. The organization-wide audit will encompass the financial statements as required by the most recently released GASB statements and the *Texas Education Agency Financial Accountability System Resource Guide* for the District for the fiscal year ending August 31, 2020. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the *Texas Education Agency Financial Accountability System Resource Guide*.

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

presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the school district has adhered to specific financial compliance requirements.

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

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

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

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

## B. Other Requirements

1. The accounting firm should provide an annual audit report in a form acceptable to the Texas Education Agency and within the time frame stipulated in TEC 44.008 (d) of 150 days subsequent to the close of the fiscal year for which the audit was made.
2. The Finance and Audit Committee would expect to meet with the auditor(s) at least annually. The meeting would be called by the chairman of the Finance Committee.
3. Due to limited staff, the District can provide partially completed financial statements and supporting schedules for auditor review at the close of the fiscal year. Attachment B includes a listing of audit schedules that the District has prepared.
4. The District intends to sell bonds from time to time, which may require the audited financial statements and Auditors opinion to be printed in total or as a part of the section of or addendum to the Official Statement for bond issues. Also, certification may be required for Interest and Sinking Fund Reserve Balances as a point in time other than year end.
5. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.

6. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Chief Financial Officer prior to commencing the audit assignment each year.
7. Financial statements developed by the auditor must be in a form that complies with the requirements for the GFOA Certificate of Achievement, the ASBO Certificate of Excellence, and the Texas Education Agency.
8. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to auditors from the Texas Education Agency, The Government Accountability Office, or other applicable governmental agencies, they are not otherwise considered to be records open to the general public.

C. Independent Auditor

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

D. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the proposal will be for the fiscal year ending August 31, 2020. The Board of Trustees expects to engage an audit firm for five years. However, the Board of Trustees expressly reserves the right to review the relationship on an annual basis and to formally approve each year's extension.

E. Dispute Resolution

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

II. PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section III.

B. Technical Component

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

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit,

including the methodology, nature, timing and extent of audit procedures to be performed;

3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the district and any of the board members.

C. Management Component

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

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing school district/government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided. State the average daily attendance of the public schools on the list;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
10. Describe staff rotation plans for audit team members if this is to be a multiyear contract;

11. Describe the level of assistance that will be expected from District personnel; and

12. Provide evidence of the ability to comply with the requirements in Sections II and VI of the Request for Qualifications.

D. Task/Activity Plan

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned. Work performed below the audit senior level may be referred to by title rather than name in the task/activity plan.

Estimated fees – state the estimated fees for the annual audit for the fiscal year ending August 31, 2020. Also, state the estimated fees for the subsequent four years, under current conditions, if the District exercises the extension of the contract. Describe any normal process for evaluating the fee from year to year.

Fiscal Year	Audit Fee Estimate
2020	
2021	
2022	
2023	
2024	

E. Evaluation

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

III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

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

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The District reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The District reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the District

may reasonably require;

- F. The District will not be liable for any cost incurred in the preparation of qualifications; and
- G. The District may ask interested accounting firms to send a representative for an oral interview prior to Board of Trustee approval of a proposal. The District will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
- H. The District and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, AISD reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions.
- I. Qualifications must be signed by an authorized individual to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a “mistake in Qualifications”, and the Qualifications will be rejected as “non-responsive”.
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal.
- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation).
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

#### IV. PROCEDURES FOR SUBMITTING PROPOSALS

##### A. Delivery

Responses to the Request for Qualifications should be addressed to:

Eric Hough  
Chief Financial Officer  
Aubrey Independent School District  
415 Tisdell Lane  
Aubrey, Texas 76227  
(940) 668-0060

Qualifications must be received no later than 1:00 p.m., March 25, 2020. Qualifications received at the AISD Administrative Office after the time and date specified above will not be considered and will be filed unopened.

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

##### B. Number of Copies of Qualifications

Submit five (5) copies of the qualifications. The qualifications are to be bound and sealed.

#### V. ASSISTANCE TO PROPOSERS

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

Eric Hough  
Chief Financial Officer  
[ehough@aubreyisd.net](mailto:ehough@aubreyisd.net)

The District will only respond to questions submitted via email.

#### VI. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide one (1) electronic copy in pdf format of the final comprehensive annual financial report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide, the requirements for the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence and (5) five bound printed copies.
- B. The independent auditor will be required to submit 12 copies of the final compensatory education audit, if applicable.
- C. A preliminary draft of the audit report(s) will be presented to the District prior to submission of the final draft. Timing of the submission must allow District personnel sufficient time to review the report.
- D. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the January meeting of the Board

of Trustees for the financial audit.

- E. The independent auditor will be required to present the audit report to the Board of Trustees at the December meeting of the Board of Trustees.
- F. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the District and as provided for in the engagement letter. If a management letter is issued the auditor will provide the District twenty (20) copies.
- G. The auditor will prepare and provide one (1) copy of the Data Collection Form for Reporting on Audits of States, Local Governments and Nonprofit Organizations.

VII. PROPOSED SCHEDULE

Qualifications Timing

Questions due to the District (must be submitted by email)	March 13, 2020
Answers to questions posted online	March 18, 2020
Proposals due to the District	March 25, 2020 1:00p.m.
Proposals opened 415 Tisdell Lane, Aubrey, TX 76227	March 25, 2020 1:15p.m.
Approval of firm by Board of Trustees	Not later than May Board Meeting

Audit Timing (subject to change)

Start interim field work	July 20, 2020
Start final field work	September 21, 2020
Draft financial statements and management letter due to Finance Department for review	November 18, 2020
Presentation of issued financial statements to the Finance and Audit Committee Department	November 18, 2020
Presentation of issued financial statements to the Board of Trustees	No later than December Board Meeting 2020

VIII. BOARD OF TRUSTEE APPROVAL

The Board of Trustees expects to engage an audit firm for five years. However, the Board of Trustees expressly reserves the right to review the relationship on an annual basis and to formally approve each year's extension. The Aubrey Independent School District reserves the right to cancel any contract resulting from this Request for Qualifications at any time, for any reason (or for no reason) with a thirty (30) day written notice to

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the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice. Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Qualifications (or as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the District. It is possible that the Board could terminate the relationship at any time. However, the Board of Trustees does not desire or expect that to be the case and assumes that a long and satisfactory relationship will be the experience.

IX. OTHER INFORMATION

A. The Board of Trustees will pass a resolution accepting the written proposal as the understood agreement for services performed and other commitments.

## Attachment A

### **EVALUATION WORKSHEET**

This worksheet is to be used to document the District's evaluation of the interested accounting firms' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various qualifications.

**In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the requester of the services reserves the right to consider other factors in making a final selection.**

#### **PROFESSIONAL QUALIFICATIONS**

**The evaluation of professional qualifications of the interested accounting firms will be based on the following criteria:**

##### I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria. The interested accounting firm:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the independence standards of Government Auditing Standards, United States Government Accountability office (GAO).
- C. Must not have a record of substandard work.
- D. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

##### II. Technical Criteria 85 POINTS

Qualifications which have met each of the criteria in Section I above will be evaluated on the following criteria:

- A. Technical experience of the firm:
  1. Auditing experience in Texas public schools (0-15)
  2. Auditing experience in government (0-5)
  3. Level of participation in and communication with such organizations as the Texas Education Agency, Texas Association of School Business Officials, and ASBO International. (0-10 points)
- B. Characteristics of the staff, including consultants to be assigned to the audit:
  1. Size and structure of the firm, including audit staff positions (0-5)
  2. Qualifications of supervisory personnel, consultants, and the field audit team (0-

20)

a. Education, including continuing education courses taken during the past two years

b. Years and types of experience

3. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15)

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan (0-5)

2. 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)

Total Technical Points \_\_\_\_\_

III. Oral Interviews (If Necessary)

Interview Points Awarded (0-15)

Total Points \_\_\_\_\_

**Attachment B**  
**SAMPLE AUDIT SCHEDULES PREPARED BY THE DISTRICT**

1. Detailed General Ledger
2. Board of Trustee Minutes
3. YTD Check Payment listing by check number.
4. Roster of Professional Personnel segregated by location/classification.
5. General Journal reflecting all journal entries posted during the year.
6. Bank Statements – All Accounts
7. TRS Reports
8. All insurance policy declaration pages – Property, Casualty, General Liability, Automobile
9. Amount of monthly premium - per employee - paid by the District for Health Insurance
10. Quarterly Investment Reports for entire year
11. Training Certificates for all investment officers
12. Newspaper showing advertisement of Budget Hearings
13. Pledged Securities Reports from Depository
14. Bid Information on Insurance Companies or other products and services
15. Midyear PEIMS Statement of Revenues, Expenditures, and Changes in Fund
16. Balance for all Governmental Funds (Standard Report on Edit Plus)
17. TEA Payment Reports
18. All Federal Program NOGA's and Applications
19. Transcript of Proceedings from any debt issued during 2019-2020
20. Executed lease agreements for capital or other items and services
21. Superintendent's contract and any addendums or amendments
22. Working Trial Balance
23. Detail Board Report
24. Cash Position