

Request for Qualifications  
For  
INDEPENDENT FINANCIAL AUDIT  
SERVICES CONTRACT

Bay City ISD is requesting qualifications from qualified firms to perform professional services, with intent to award a contract.

NOTICES:

SUBMITTAL MUST BE DEEMED RESPONSIVE AND RESPONSIBLE IN ORDER TO BE ELIGIBLE FOR AWARD.

REQUEST FOR QUALIFICATIONS  
ANNUAL FINANCIAL AUDIT  
RFQ #19-001

Bay City Independent School District (“BCISD”, “Bay City ISD”, and “the District”) is requesting qualifications from public accounting firms to perform annual audits.

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 109.61.

Bay City ISD has a student body of 3,662 in grades Pre-K through 12, on five campuses. The 2018-2019 operating budget is \$34.2 million. The school district participates in several federal programs including National School Lunch Program, ESEA Title I Part A - Improving Basic Programs, Title I Focus Grant, ESEA Title II Part A-Teacher and Principal Training and Recruiting, ESEA Title III Part A-English Language Acquisition & Enhancement, ESEA Title IV-Safe & Drug Free Schools and Title VI Rural Low-Income School Program. Bay City ISD is the fiscal agent for a five district COOP in Matagorda County which participates in the federal programs IDEA-Part B, Formula and IDEA B, preschool.

Bay City ISD does not have an internal audit division. Bay City ISD maintains a requisite system for internal controls as mandated by the state.

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, including the Single Audit on federal grants for the fiscal year 2019. The organization-wide audit will encompass the basic financial statements with GASB 34 implementation including the Government Wide, Governmental Funds, Proprietary Fund, and Fiduciary Fund. The audit will also encompass combining statements and other schedules for Bay City ISD for the fiscal year ending June 30, 2019 and subsequent years so long as the agreement continues. The audit will include auditing GASB 34 entries. The audit is to be performed in accordance with 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 Bay City ISD 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 general purpose financial statements, the annual audit will also include obtaining an understanding of the school district's internal control and conveying any reportable conditions 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 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 accordance with the Single Audit Act.

Additionally, 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.

#### B. Independent Auditor

The proposer 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.

#### C. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the proposal will begin with the fiscal year ending June 30, 2019. Bay City ISD may request to extend this agreement annually, following satisfactory delivery of the services specified in the proposal and engagement letter.

#### D. 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 - All proposals in response to this request must meet the following conditions to be considered:

1. Proposal must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the proposer's representative;
2. Proposal must address each of the audit requirements as stated in this request for qualifications;

### B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be done, the proposer 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 proposer'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;
4. Make a statement concerning the independence of the proposer, 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 proposer 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 proposer is a member and the proposer'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 proposer is a national, regional or local public accounting firm;

4. Provide evidence that the proposer 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 proposer is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm. List the 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;
7. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two years;
8. Provide the names and qualifications of any needed outside specialists and consultants that will assist the proposer's staff members;
9. Describe the level of assistance that will be expected from BCISD personnel.

#### D. Task/Activity Plan

The proposer will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned.

#### E. Evaluation

Criteria used to evaluate the proposer's methodologies, products, and services are shown in Attachment A. These criteria will be used to evaluate each proposed firm to determine the most highly qualified firm for initial award. For subsequent years, the awarded firm's ability to maintain the same high level of service as proposed, along with preparation of an error-free audit will be considered favorable toward renewal.

If an auditing error is made by the awarded auditor during the course of the contract, Bay City ISD will ask the firm to address the reason the error was made and provide corrective actions to resolve the current error and document steps that have been taken to avoid additional error. In the event an error is made, the fact will be taken into consideration toward the decision to renew and may result in non-renewal of the contract.

### III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

A. Bay City ISD reserves the right to reject any and all proposals, and to negotiate portions thereof. Proposals that address only part of the requirements contained in this request for qualifications will not be considered;

B. Bay City ISD reserves the right to select any proposal, considering the quoted estimated fee and other factors;

C. The proposer shall furnish such additional information that the district may reasonably require;

D. Bay City ISD will not be liable for any cost incurred in the preparation of proposals;

E. BCISD may ask proposers to send a representative for an oral interview prior to Board of Trustee approval of a proposal. BCISD will not be liable for the costs incurred by the proposer in connection with such interview.

### IV. PROCEDURES FOR SUBMITTING QUALIFICATIONS

#### A. Delivery

#### **EMAILED OR FAXED PROPOSALS WILL NOT BE ACCEPTED.**

Specifications may be obtained through the Bay City ISD website [www.bcblackcats.net](http://www.bcblackcats.net) or [rcjohnson@baycityisd.org](mailto:rcjohnson@baycityisd.org). proposals will remain sealed until the specified opening date and time. Late proposals will be rejected as non-responsive. Proposer shall bear full responsibility for ensuring that the bid/proposal is delivered to the correct office by due date and time as specified below.

Richard C. Johnson  
Chief Financial Officer  
520 Seventh Street  
P.O. Box 2510  
Bay City, TX 77414-2510

RFP NAME: Independent Financial Audit Services  
RFP NUMBER: RFQ#19-001  
DUE DATE/TIME: February 8, 2019/2:00PM CST

#### B. Number of Copies

Submit two (2) hard copies of the qualification proposal. Each copy is 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 Bay City ISD may contact Richard C. Johnson, Chief Financial Officer 979-401-1005 by February 5, 2019.

## VI. STATEMENT OF REQUIREMENTS

A. The independent auditor will provide fifteen (15) bound copies and one (1) PDF of any additional required reports, including the Single Audit Report and of the audit opinion letter.

B. On or before October 5, 2019, the preliminary draft of the audit report will be presented to the school district prior to submission of the final draft.

C. The independent auditor will be required to present the audit report to the Board of Trustees no later than the October 2019 board meeting.

D. The independent auditor is to provide a management letter, if required under auditing standards, 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.

## VII. BOARD OF TRUSTEE APPROVAL

A proposal will be selected on or before February 18, 2019, barring decision by the Board of Trustees to reject all proposals submitted.

## Attachment A

### EVALUATION WORKSHEET

This worksheet is to be used to document the school district's evaluation of the proposers' 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 proposals.

If oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. 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 proposers will be based on the following criteria:

#### I. Mandatory Criteria

Proposals will not be considered for further evaluation unless there is compliance with all of the following criteria. The proposer:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the current independence standards of the Government Auditing Standards, United States General Accounting 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

Proposals 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
  - 2. Auditing experience in government entities
- B. Characteristics of the staff, including consultants to be assigned to the audit:
  - 1. Size and structure of the firm, including audit staff positions



2. Qualifications of supervisory personnel, consultants, and the field audit team
  - 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

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan
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

III. Oral Interviews (If Necessary)