

RFP Guidance for School Districts Seeking Audit Services

Overview

This section should:

1. Describe the purpose for which the school district is soliciting an a request for proposals (RFP)
 - General information which directs the need for the audit (laws/regulations)
 - Timeline for RFP submission, review and selection
 - Outline of expected engagement calendar
 - Audit start date
 - Time frames for preliminary audit work and final fieldwork
 - Due date for filing of auditor’s report.

2. Provide background and description related to the school district
 - Description of the district (K-12 enrollment, list of district schools, size of budget, etc.)
 - Description of the Board of Education
 - Name of BOCES
 - District management structure and list of contacts
 - Number of employees (administrators, teachers, support staff)
 - Description of other important district operations (food or computer services)
 - Fund structure
 - Schedule of state and federal financial assistance
 - Pension plans
 - Description of financial software programs used
 - Three-year history of expenditures by major object
 - Three-year history: number of W-2’s, purchase orders and extra classroom activity fund checks.
 - Availability of prior reports and papers

Scope

This section should:

1. Specify which financial statements will be audited and the applicable time period to be audited

2. Specify audit standards to be followed
 - Government Audit Standards (Yellow Book)
 - Standards promulgated by the Office of the State Comptroller (OSC)
 - Regulations of the Commissioner of Education
 - Regulations of the Federal Government regarding federal funds
 - Specific guidelines from the Board of Education or Superintendent of Schools

3. Describe content of mandatory work products
 - Annual financial report, including Management Discussion & Analysis
 - Audit of extra-classroom activity funds
 - Single audit report (where required)
 - Management letter, including district's actions to address items in previous management letter
4. Describe content of additional work products (if any are under consideration)
 - Internal controls review
 - Computer software review
5. Discuss work product issues (i.e. who will have access to materials and working papers) and confidentiality issues
6. Outline expectations in terms of entrance/exit conferences, progress reports, responsibility for report preparation, documentation, retention period etc.
7. List any assistance to be provided by district staff during the audit
 - Finance department staff
 - Clerical staff
 - Internal auditor of the district
 - Work area and equipment provisioning
8. Specify contract terms and conditions
 - Written contract with an engagement letter outlining audit scope, deliverables, and standards for performance
 - Sanctions for non-performance (reduction in fees, flat penalties, cost recovery)
 - Engagement letter should require auditor to notify the State Education Department (SED) if district terminates audit prematurely, require district to notify SED if auditor resigns from audit prematurely, and require auditor to notify SED and OSC of suspected fraud
 - Manner of payment
 - Circumstances when contract terms or procedures may be modified
 - Conditions for termination (district should have right to terminate at any time upon reasonable notice)
 - Overall supervision of the contract
 - Options for annual contract renewals/extensions up to no more than 5 years
 - Indication that services must be subject to a competitive RFP process at least every 5 years, and that prior experience with the school district may be a factor taken into account during scoring (i.e. scoring preference may be given to firm or partner rotation).
9. Explain how and when the district will address questions or communicate modifications to RFP
 - Should be communicated in writing to all respondents

- Proposals cannot be changed after submission unless subsequent modifications to RFP by the district make a proposal unresponsive

RFP Requirements

This section specifies the information to be included in the firm's proposal:

1. Qualifications and experience of the firm
 - Size of the firm
 - Level and type of auditing experience
 - Experience with governmental auditing, including list of prior engagements
 - Experience with school district auditing, including list of prior engagements
 - Client references
 - Peer review
2. Qualifications and experience of the firm's staff
 - Licensing
 - Proposed staffing (level, hours)
 - Experience of partner or manager in charge
 - Experience of audit staff
 - Resumes and references (from government or school district sources)
 - Affirmation that all staff have met CPE requirements for government auditing
 - RFP may include wording that allows school district to reject staff it feels does not have appropriate experience or qualifications to conduct the audit
3. Proposed work plan
 - Interim work and entrance conference
 - Details of audit plan, including level of testing, field work, etc.
 - Draft report and exit conference
 - Final report (must be presented to the district board of education)
 - Samples of above items
4. Proposed fee structure
 - Hourly rate per audit staff
 - Other fees and expenses (do not include RFP preparation, travel or out-of-pocket expenses, etc.)
 - Flat rate or "not to exceed" maximum price
 - Rates for any optional (desirable) work products
 - Distinguish one time costs from ongoing costs
5. Affirmation that no conflicts of interest exist between the firm and the district, its board or its management

Organization, Content and Presentation of Proposals

This section provides greater detail as to the format and presentation of the proposal:

- Title page
- Letter of transmittal
- Table of contents
- Qualifications of the firm and assigned staff
- Work plan
- Fees
- Number of copies required, deadline for submission and mailing instructions
- Option for oral RFP presentations if the district so chooses

Evaluation of Proposals

This section details how each RFP will be evaluated:

- “Lowest responsible bidder” –type standard
- Specific scoring criteria and weighting factors
- Method to evaluate cost portion of RFP
- Selection timetables
- Circumstances under which a proposal may be disqualified or rejected
- Standards for timeliness, quality and performance
- District reserves the right to reject all proposals

Results and Contract Award Process

This section should outline the contract award process:

- Award notification timeline (generally 45 days after RFP deadline)
- Letters to be sent to all respondents
- Award should be subject to successful contract negotiations