

TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

REQUEST FOR QUALIFICATIONS

FOR

RFQ #19-0030: ANNUAL FINANCIAL AUDIT SERVICES

This document serves as an invitation and request by the Tulosos-Midway Independent School District (T-MISD or the District) for a Statement of Qualifications (RFQ) from public accounting firms to perform the District's annual audit for fiscal year ending August 31, 2019. The District may request to extend this agreement for up to another four years through fiscal year August 31, 2023, following satisfactory delivery of services specified in the proposal and engagement letter. The extension may be granted in one year or multi-year increments and must be approved by the Board of Trustees. Sealed responses to this RFQ (the "Proposals") will be received at the time and location designated, and should include the information requested hereafter. T-MISD reserves the right to exclude from consideration any Proposals that are incomplete, or not received at the designated location by the due date and time listed below.

Proposal shall be submitted to:
Christopher Casarez, Director of Purchasing
9760 La Branch, Corpus Christi, TX 78410
By 3 PM, Friday May 17, 2019

The RFQ's will not be publicly opened and read aloud because of the possibility of negotiating with one or more public accounting firms submitting RFQ's. Any questions regarding this RFQ should be directed to the Director of Purchasing, Christopher Casarez, in Administration Building of Tulosos-Midway ISD.

The Tuloso-Midway Independent School District is requesting qualifications from public accounting firms to perform the annual audit for the fiscal year ending, August 31, 2019 with an option to extend up to four additional years.

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.

The following is some information about the District that will assist in the preparation of the proposal:

- T-MISD consists of 5 campuses throughout the district.
 - High School – Serves grade 9 through 12
 - Academic Career Center – Serves as an alternative high school
 - Middle School – Serves grade 6 through 9
 - Intermediate School – Serves grade 3 through 5
 - Primary School – Serves Pre-Kindergarten through 2nd grade.
- The enrollment of the district increased about 1.0% during FY 2018. Enrollment approached 3,888, with the average daily attendance approximating 3,635 students daily.
- T-MISD employees approximately 602 full-time and part-time employees, including 287 teachers.
- The district is considered a wealthy school district based on property tax revenue per student accounting to the Texas Education Agency. Therefore, the district sent \$1.2 millions of local property tax revenue to the State of Texas to fund other school districts during the last fiscal year. This amounted to 4.3% of local property tax revenue sent out of the district, however, 67.5% of the students in the district are economically disadvantaged.
- The school district expends federal financial assistance for several programs including but limited to: National School Lunch Program, ESEA Title I Part A – Improving Basic Programs, ESSA Title II, Part A – Teacher and Principal Training and Teacher Advancement Program, IDEA – Part B Formula and Preschool and Carl D. Perkins Basic Formula Grant.

The District's Annual Financial Report for the year ended August 31, 2018 and the 2018-2019 Budget adopted by the Board of Trustees are available on the district's Financial Transparency page along with other miscellaneous financial information. The link to the webpage is: <https://www.tmysd.us/financial-transparency>

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 2019 with four optional renewal terms. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 and the *Texas Education Agency Financial Accountability System Resource Guide* for the District for the fiscal year ending August 31, 2019 with four optional renewal term(s). The audit is to be performed in accordance with generally accepted auditing standards; Title 19, Texas Administrative Code, §109.23; 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 general purpose financial statements, the annual audit will also include obtaining an understanding of the school district's internal control and reporting 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 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 21.256 (d) of 150 days subsequent to the close of the fiscal year for which the audit was made.
2. The Board of Trustees would expect to meet with the auditor(s) at least annually. The meeting would be called by the Superintendent of Schools.
3. 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 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 at a point in time other than year end. The accounting firm should state in its proposal whether these limited services are included within the scope of services provided in the annual fee, or if a separate charge will be made and the amount of those fees.
4. 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.
5. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Business Manager prior to commencing the audit assignment each year.
6. Financial statements developed by the Auditor must be in a form that complies with the requirements of the Texas Education Agency.
7. 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 General Accounting Office, or other applicable governmental agencies; they are not otherwise considered to be records open to the general public.

8. Subcontracting of any portion of the audit process will not be allowed without the prior written consent of the district.

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, 2019. The District may request to extend this agreement for another four years through fiscal year August 31, 2023, following satisfactory delivery of the services specified in the proposal and engagement letter.

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. The venue for any dispute shall be in Nueces County.

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 reviews 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. In addition, please list the expectations of the level of assistance from District personnel (including preparation of supporting schedules). The information outlined in Attachment B should be completed and submitted.

e. Evaluation

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

III. Conditions for Submission 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, telephone number, and email address 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.
- 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, the District 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:

Christopher Casarez
Director of Purchasing and School Operations
Tuloso-Midway ISD
9760 La Branch
Corpus Christi, Texas 78410

Qualifications must be received no later than 3:00 p.m., May 17, 2019.

Qualifications received at the T-MISD Administration 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 labeled:

REQUEST FOR QUALIFICATIONS
ANNUAL FINANCIAL AUDIT SERVICES
TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT

b. Number of Copies Qualifications

Submit three (3) 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:

Christopher Casarez
Director of Purchasing and School Operations
ccasarez@tmisd.us

The District will only respond to questions submitted via email. Questions should be submitted no later than 3:00 pm on May 8, 2019.

The District will send addendums to the RFQ to potential accounting firms via email no later than 4:00 pm on May 10, 2019. Responses to all submitted questions will be sent to all potential accounting firms that have provided the firm contact name and email address via an email to ccasarez@tmisd.us no later than 3:00 pm on May 8, 2019.

VI. Statement of Requirements

- A. The independent auditor will provide one (1) PDF copy via email of the final annual financial report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide.
- B. The independent auditor will be required to submit twelve (12) copies of the final annual financial audit report.
- 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 no later than the January 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 twelve (12) 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. Timelines

Event	Date
Advertisement Time	May 01, 2019 to May 17, 2019
RFP Open	May 01, 2019
Interviews	TBD, if necessary
Questions Due	May 08, 2019
Answers to Questions Returned	May 10, 2019
Proposals Due	May 17, 2019
Approval of firm by Board of Trustees	June Board Meeting (TBD)

Audit Timeline	Date
Start interim field work	July 2019
Start final field work	October 2019
Draft financial statements & Management letter due to Finance for Review	December 2, 2019
Delivery of issued Financial Statements to the Finance Department	December 9, 2019
Presentation to Board of Trustees	December 16, 2019

VIII. Board of Trustee Approval

The Board of Trustees expects to engage an audit firm for one year with an option to renew four additional terms. However, the Board of Trustees expressly reserves the right to reject all bids and to review the relationship on an annual basis and to formally approve each year's extension. The 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 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 multi-year and satisfactory relationship will be the experience.

**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 General Accounting office (GAO).
- C. Must not have a record of substandard work to be verified via references submitted.
- D. Must meet all qualifications established through 19 Texas Administrative Code Rule §109.23.
- E. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

II. Technical Criteria Points

Qualifications which have met each of the criteria in Section I above will be evaluated on the following criteria (maximum 75 points):

- A. Technical experience of the firm:
 - a. Auditing experience in Texas public school (0-10 points)
 - b. Auditing experience in government entities (0-10 points)
- B. Characteristics of the staff, including consults to be assigned to the audit:
 - a. Size and structure of the firm, including audit staff positions (0-5 points)
 - b. Qualifications of supervisory personnel, consultants, and the field audit team, including education, continuing education courses taken during the past two years, and years and types of experience (0-20 points)
 - c. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15 points)
- C. Clear understanding of the work to be performed:
 - a. Comprehensiveness of the audit work plan (0-5 points)
 - 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 points)

III. Professional Fees

Professional fees of the audit (0-25 points)

IV. Oral Interviews (If Necessary)

If deemed necessary, interviews will be scheduled with proposers (0-15 points)

**ATTACHMENT B
COST PROPOSAL, REFERENCES AND CERTIFICATION**

The Proposer is to state the estimated fees for the annual audit for the fiscal year and the hourly rate the fees are based upon. Also state estimated fees for the subsequent four years, under current existing conditions, if the District were to request an extension of the contract. Include a statement that estimated fees include audit procedures for the purpose of reviewing the accuracy of fiscal information provided by the district through PEIMS. Proposer should also provide an hourly rate for special projects.

Fiscal Year	Annual Audit Fee	Hourly Rate	Special Project Hourly Rate
2019			
2020			
2021			
2022			
2023			

The proposer should submit a list of client references, including contact information.

The undersigned affirms that he or she is duly authorized to execute this questionnaire, that this company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other person, firm or entity making or considering making a proposal to Tuloso-Midway ISD for any future District projects and that contents of this proposal as to prices, terms or conditions of said proposal have not been communicated by the undersigned nor by any employee or agent to any other person engaged in this type of business prior to the official opening of this proposal.

The foregoing is true and correct. The District, or any authorized representative of T-MISD, is authorized by the undersigned to contact any firm, institution, or person listed above to obtain information that District might determine as being desirable.

Firm: _____

Address: _____

City/State/Zip: _____

Phone No.: _____ Fax No. _____

Email Address: _____

Typed Name: _____

Signature: _____ Date: _____

