

**Hillsdale County Intermediate School District**  
**310 West Bacon St**  
**Hillsdale, MI 49242**  
**(517) 437 - 0990**

**Request for Proposal**

**Audit Services**

**For the Year Ending June 30, 2019, 2020 and 2021**

**March 11, 2019**

## **GENERAL CONDITIONS**

The Hillsdale County Intermediate School District (HCISD) is requesting proposals from qualified Certified Public Accounting firms to audit its financial statements for the fiscal years ending June 30, 2019, 2020 and 2021. The district reserves the right to extend the minimum three-year contract an additional three years based on satisfactory performance of audit services.

The following Request for Proposal (RFP) is being provided to you for your consideration. To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in this RFP.

Completed proposals must be received at the address noted above by 12:00 p.m. on April 1, 2019. Proposals must be submitted in a sealed envelope that is clearly marked "AUDIT PROPOSAL". Proposals submitted by facsimile will not be accepted, nor will proposals received after 12:00 p.m. on April 1, 2019. Any proposals received after that time will be returned unopened.

Although cost will be an important factor in awarding the contract, the school district is not obligated by any statute or regulation to award the purchase of audit services solely on the basis of cost. Accordingly, the school district reserves the right to evaluate all proposals objectively and subjectively and to accept or reject any or all proposals or portion thereof. Additionally, the district reserves the right to negotiate changes in services with the firm determined to have submitted the proposal that is in the best interest of the district. (See *Method of Evaluating Proposals* on page 9)

It is to be understood this RFP constitutes specifications only for the purpose of receiving proposals for services and does not constitute an agreement for those services. It is further expected that each bidder will read these specifications with care. Failure to provide requested information or meet certain specified conditions may invalidate the proposal(s).

It is the intent of the HCISD to award this audit proposal for a three (3) year period; however the term of the engagement shall end if the audit contract is violated or if the audit quality is unacceptable.

The information contained herein is believed to be accurate, but is not to be considered in any way as a warranty.

Proposals must contain in writing all terms and conditions of the offer being made. Verbal representations made before or after proposals are submitted will not be considered unless they were made in answer to questions asked by the school district or its representatives.

Hillsdale County ISD does not discriminate on the basis of age, race, color, religion, sex, national origin, disability, political affiliation or belief, and for beneficiaries only, citizenship or participation in activities funded under HCISD, in admission or access to, opportunity or treatment in, or employment in the administration of or in connection with, any funded program activity.

Audited financial statements for the district for the year ended June 30, 2018 are available upon request or can be found on our website under the Budget Transparency Icon at [www.hillsdaleisd.org](http://www.hillsdaleisd.org).

All questions and correspondence should be emailed (no phone calls please) directly to:

Belinda Shaffer  
Chief Financial Officer  
Hillsdale County ISD  
310 West Bacon Street  
Hillsdale, MI 49242  
Belinda.Shaffer@hillsdale-isd.org

In order to assure consistency of information provided regarding this RFP, contact with the HCISD's personnel other than Belinda Shaffer is discouraged and may be grounds for elimination from the selection process.

**WITHDRAWAL OF PROPOSALS:**

Proposals shall remain valid for a period of sixty days (60) days after submission. The district will not accept modifications to proposals, except as may be mutually agreed upon following the acceptance of the proposal.

**TIME TABLE:**

1. Release of RFP on or about March 11, 2019.
2. Proposals due at 12:00 p.m. on Monday, April 1, 2019.
3. Sealed Proposals will be opened at 2:00 p.m. on Monday, April 1, 2019.
4. Possible Board of Education action on Thursday, April 18, 2019.
5. Notification to all firms as soon as possible after April 18, 2019.
6. Preliminary audit work for FYE 2019 to be conducted during the spring/summer of 2019 and at a mutually agreeable time for subsequent year audits.
7. Audit for FYE 2019 to be conducted during the second or third week in September 2019 and at a mutually agreeable time for subsequent year audits.
8. Draft Financial Statements to be distributed by October 31st following each fiscal year end.
9. Financial Statements completed for distribution by November 1st following each fiscal year end.
10. Presentation of Financial Statements to the Board of Education in November or December of each year.

## **FIRM/AUDITOR QUALIFICATIONS:**

- The firm must maintain a sufficient number of professional staff in order to provide adequate technical expertise and depth.
- The firm and the partner assigned to the district must have considerable experience in auditing intermediate school districts and have experience with the audit of federal awards.
- The auditor is expected to be familiar with the types of policies and procedures followed by intermediate school districts. (Policies and procedures specific to the HCISD will be available to the auditor for review.)
- The auditor will provide a profile of the professional staff responsible for the overall management of the audit. The auditor must be fully informed regarding generally accepted accounting principles and auditing procedures including those in the development stages and those identified below under Audit Information - Accounting Basis.
- The firm shall identify the audit manager, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the audit manager, field supervisor(s) and partner in charge of the engagement should be included with the proposal.
- Assurance must be given that during the course of the life of the three-year contract there will be some continuity in the assignment of audit staff. It is to the mutual interest of the district and the audit firm that there are not dramatic changes in audit staff every year.
- The firm's professional staff must be trained specifically in auditing and accounting for intermediate school districts.
- The firm must be actively involved in school financial organizations on a county and state level.
- All assistants must be properly trained and supervised and the work be adequately planned.
- The firm must have an excellent reputation for service in intermediate school district auditing.
- A minimum of \$1,000,000 Errors and Omissions Insurance. (The successful firm will be required to provide the district with a certificate of insurance to verify this coverage.)

## **AUDIT INFORMATION:**

### ***1. Accounting Basis –***

- Bulletin 1022 (Revised)
- Michigan School Auditing Document
- Public Act 621 of 1978 (Uniform Budgeting)
- Generally Accepted Auditing Standards (GAAS)
- Governmental Accounting Standards (GAS) issued by the Comptroller General of the United States
- OMB Uniform Guidance
- Single Audit Act
- Any other required Federal, State, cognizant agency, and/or professional standards applicable to this engagement including AICPA.

### ***2. Audit Timeline –***

- Audit to commence the second or third week in September of each year at such time as mutually agreed upon.
- Audit draft to be delivered by October 31st of each year.

- Audit documents to be delivered to the district by November 1st of each year in order to meet audit deadlines set by the Michigan Department of Education.
- Audit to be presented to the Board of Education in November or December of each year.

**AUDIT REQUIREMENTS:**

***1. Scope –***

Provide the Annual Financial Report with Supplementary Information and the Supplementary Information to the Basic Financial Statements (Federal Awards) for the period ending June 30, 2019, 2020 and 2021. Funds to be audited estimated revenue and expenditure volume and estimated fund balance for the year ended June 30, 2018 are as follows:

**Hillsdale County ISD:**

<b>Fund</b>	<b>Description</b>	<b>6/30/2018 Fund Balance</b>	<b>Projected 2018-2019 Revenues</b>	<b>Projected 2018-2019 Expenditures</b>
General Education Fund	Operational Purposes	\$532,093	\$3,258,692	\$3,340,361
Special Education Fund	Programs & Services for Special Ed students in Hillsdale County	\$1,199,292	\$8,315,344	\$8,019,614
Vocational Education Fund	Career Technical Education Programs	\$388,974	\$1,881,920	\$2,043,689
Non-Major Governmental Funds	Including, Food Service, Fiber Consortium and Capital Projects	\$1,181,838	\$200,394	\$436,568
<b>Total</b>		<b>\$3,302,197</b>	<b>\$13,656,350</b>	<b>\$13,840,232</b>

In addition, the Hillsdale County ISD maintains the following account groups:

<b>Account Group</b>	<b>Description</b>	<b>Balance @ 6/30/2018</b>
General Fixed Asset	Land, buildings, equipment, furnishings and vehicles	\$3,759,027
Long Term Debt	Bonds, Installment Purchases, Compensated Absences, Capital Lease	\$ 308,050

## ***2. Financial Statements –***

Upon completion of the field audit work and final adjustments to the general ledger, the district will assist in the preparation of the Annual Financial Report with Supplementary Information and the Supplementary Information to the Basic Financial Statements (Federal Awards) for the auditor to review and express their opinion.

## ***3. Reporting –***

The auditors will include the following information in their report to the Superintendent, Chief Financial Officer and HCISD Board of Education:

- Financial Statements, Notes and Supplementary Information (Audited)
- Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Federal Awards
- Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards
- Federal Audit Clearinghouse Data Collection Form
- Management Letter Relating to Compliance Issues
- Audit communication letters to the HCISD Board of Education

## ***4. Other Requirements –***

- An exit conference with HCISD representatives and the audit firm's representative will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with the HCISD at that time. It should include internal control and program compliance observations and recommendations.
- Personal presentation of the final report to the Board of Education by an audit manager or partner of the audit firm.
- Assistance in correcting errors and procedural shortcomings identified during the audit.

## ***5. Audit Plan –***

The auditor will be required to use a comprehensive audit plan and, to the extent permissible, must be willing to review this plan with the district. The plan should cover the study and evaluation of the internal controls and the test of records to the extent necessary by the degree of such reliance. It is assumed that many of the tests will be conducted by a sampling of the records maintained in the files. It is understood the auditor is responsible for the auditing procedures that in his or her professional judgment must consider the materiality of the audit area, the relation to specific standards and the relation to expressing an opinion on the statements as a whole. District officials should be consulted when such judgments result in a disproportionate amount of effort being expended on a particular subject.

## **7. Communication –**

The auditor will maintain regular contacts and meetings with the HCISD's Chief Financial Officer including but not limited to:

- Engagement planning meeting.
- Progress reports.
- Closing review meeting.
- Changes that would affect the reporting requirements of the school district.
- Sharing of innovative methods and procedures that may warrant district investigation and/or consideration.
- Newsletters or other method of regular communications containing information with specific benefit to school districts.

## **8. Numbers of Copies of Auditor's Reports –**

The auditor shall furnish the school district with an electronic copy and seven (7) bound copies of the Annual Financial Report with Supplementary Information and Supplementary Information to the Basic Financial Statements (Federal Awards).

## **9. 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 five (5) years, unless the firm is notified in writing by the HCISD of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Hillsdale County ISD
- State of Michigan and its departments
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the HCISD as part of an audit quality review process audit.

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.

## **10. Additional Data –**

Please provide any additional information or data which you feel is relevant and may be helpful in the selection process such as references from current/past school district clients.

**DISTRICT INFORMATION:**

***1. Enrollment –***

The HCISD is an intermediate school district charged with meeting local district’s special education and career technical education program and service needs which are located in Hillsdale, Michigan. The district provides general education, special education, and career technical preparation services to all school district students within its service area as well as those enrolling under Section 105 of the State Aid Act, Schools of Choice.

The district owns and operates the following buildings:

<b>School</b>	<b>Location</b>	<b>Programs</b>
Parke D. Hayes Administrative Building	310 West Bacon Street Hillsdale, MI	General Education Services,
Hillsdale Area Career Center (HACC)	279 Industrial Drive Hillsdale, MI	Career and Technical Education Programs
Greenfield School	3471 Beck Road Hillsdale, MI	Special Education Programs
Dean Jennings	3471 Beck Road Hillsdale, MI	Leased to Non-Profit Organizations

***2. Funding –***

State categorical and foundation funds total approximately \$4,948,603. The district receives nearly \$2,710,070 in federal funds, which are composed of:

- IDEA Funds (Federal Flow-Through and Preschool)
- Early On
- Medicaid Outreach
- Special Ed Administration
- CTE Perkins



### 3. Staffing –

The district employs approximately 106 individuals including: administrators, department supervisors, professional staff and hourly staff including secretaries, clerks, custodians, maintenance personnel, instructional support technicians, and bus drivers.

The following list represents key personnel involved in the financial operations of the district and their length of experience:

<b>Name</b>	<b>Position</b>	<b>Length of Service with the ISD</b>	<b>Total Experience in Current Position with the ISD</b>
Ronna Steel	Superintendent	4	6
Belinda Shaffer	Chief Financial Officer	22	22
Susanne Masters	Director Special Education	4	4
Jonathan Tobar	Director CTE and Instructional Services	2	3

### 4. Accounting Software –

The HCISD utilizes software provided by Skyward for general ledger, accounts payable, accounts receivable, payroll and personnel functions.

### **METHOD OF EVALUATING PROPOSALS**

Proposals will be evaluated with a strict emphasis on quality. The federal and state governments have the authority to review the audit report and audit work papers to ascertain the quality of the audit. In response to a deficient audit, the cognizant agent or its designee of the federal government can disallow the cost of the audit as an allowable cost of a federal grant.

Furthermore, the citizens of the HCISD expect quality stewardship of all available resources. As such, the primary emphasis of procuring audit services will be the quality of technical factors of the audit firm. Attributes that will be analyzed include, but are not limited to:

- Number of governmental entities; specifically intermediate school districts audited by the office of the proposing CPA firm.
- Firm governmental resources available.
- Involvement in school related organizations.
- Training of personnel in government and federal grant auditing.
- Quality of staff included in assignment.
- Reference responses.
- Maintenance of a secondary partner on the engagement.
- Internal quality control procedures and external quality control reviews.

After the technical qualities have been evaluated, cost and other considerations will be evaluated. Once all factors have been evaluated, the audit firm that is most qualified and reasonable in cost will be selected for recommendation to the Board of Education.

**AUDIT PROPOSAL FORM**

Please complete and return this proposal form with any additional information you feel is necessary to help us evaluate your firm. **Proposals are due by 12:00 p.m. on April 1, 2019.**

Requirements

1. Location of the office that will be performing the audit for HCISD.

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\_\_\_\_\_  
\_\_\_\_\_

2. Number of Michigan school district audits that your firm conducted in each of the last three years. Please attach a list of school districts and the contact person.

Year ending June 30, (Year) \_\_\_\_\_  
Year ending June 30, (Year) \_\_\_\_\_  
Year ending June 30, (Year) \_\_\_\_\_

3. Number of Michigan intermediate school district audits that your firm conducted in each of the last three years. Please attach a list of school districts and the contact person.

Year ending June 30, (Year) \_\_\_\_\_  
Year ending June 30, (Year) \_\_\_\_\_  
Year ending June 30, (Year) \_\_\_\_\_

4. Provide a list of your firm's involvement in school district type organizations, i.e. Legislative and Department of Education Committees, Michigan School Business Officials, Association of School Business Officials, MICPA Committees and include the name of the individuals to the extent possible.

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5. Please list specific school district audit training supplied to your staff in the last two years.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Number of total audit staff. Do not include tax, consulting services or clerical personnel.

Number of audit staff \_\_\_\_\_  
Number of audit staff with CPA certification \_\_\_\_\_

7. Number of staff as defined in the question above who were directly involved in a significant portion of the audit of a school in the last two years. \_\_\_\_\_

8. Of your staff assigned to governmental audits, how many years of experience have they had performing school district audits (total and with your firm)?

Staff with highest number of years	School audits _____	with your firm _____
Next staff with highest number of years	School audits _____	with your firm _____
Average number years school audit staff	School audits _____	with your firm _____

9. What type of assistance/consultation do you provide to governmental audit clients on an annual and ongoing basis at no additional cost?

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13. Provide a synopsis of other services available to governmental clients with the number of staff specifically assigned to each. List examples of work you have done for various school districts.

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14. Fees –

Base audit cost:

For the year ending June 30, 2019	_____
For the year ending June 30, 2020	_____
For the year ending June 30, 2021	_____

Please list hourly rates by Partner, Specialist, Supervisors and staff level.

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Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

\_\_\_\_\_  
(Please type or print) Authorized Representative of the Firm

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Authorized Representative of the Firm

\_\_\_\_\_  
Date