

NORTH PENN SCHOOL DISTRICT

Request for Proposal for Audit Services February 28, 2020

Invitation for Proposal

The North Penn School District is soliciting proposals from independent certified public accounting firms to provide auditing services to the school district for the school's fiscal years ending June 30, 2020, 2021, 2022, 2023 and 2024 (5 fiscal years).

Three (3) hard copies of proposals will be received by Mr. Steve Skrocki, Chief Financial Officer, North Penn School District, 401 East Hancock Street, Lansdale, PA 19446 until Friday, March 27, 2020, at 2:00 p.m. prevailing time at which time and place there will be a public opening and reading of proposals received.

Proposals should clearly indicate "AUDIT SERVICES PROPOSAL" on the outside of the envelope. Faxed or e-mailed proposals will not be accepted.

The Request for Proposal for Audit Services and specifications may be obtained from Mr. Steve Skrocki at skrocksb@npenn.org as well as the district's website at www.npenn.org/bidspec. Any questions should be directed to Mr. Skrocki by e-mail at skrocksb@npenn.org. Responses will be posted on the aforementioned website.

The North Penn Board of School Directors reserves the right to reject any or all proposals and to waive, at its discretion, any irregularities, mistakes, omissions, or informalities relative thereto.

No proposal may be withdrawn before 90 days after the date of the opening of the proposals. Tentative plans call for the North Penn Board of School Directors to review the proposals and to take action to award a contract at its regular meeting on Thursday, April 16, 2020. Interviews are scheduled to be conducted the afternoon of Wednesday, April 8, 2020.

Specifications for Proposal

Term of Agreement

The North Penn School District fiscal year ends on June 30. Records necessary to conduct the year-end audit are generally available for final review on or about August 31 of each year. The audit must be completed by October 20 of each year.

The North Penn School District is requesting proposals to provide auditing services for the School District's fiscal years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24.

Qualifications

Eligible accounting firms shall meet the following specifications:

- Shall have no obligations or interests that conflict with the best interests of North Penn School District;
- Shall have successfully complied and be currently in conformity with the membership requirements of the Private Companies Practice Section of the American Institute of Certified Public Accountants quality control program; (or comparable quality control program);
- Shall have the professional proficiency to provide the services requested herein;
- Shall have extensive experience auditing Pennsylvania school districts;
- Shall be familiar with the Pennsylvania School Systems Manual of Accounting and Related Financial Procedures, the PA Public School Code of 1949, as amended; and with the Federal and State Single Audit Act regulations and guidelines and recent bulletins and directives related to school finance issued by the Pennsylvania Department of Education (PDE) and the PA Auditor General's Office;
- Shall be knowledgeable of the regulations and accounting statements of the Governmental Accounting Standards Board, particularly Statement No. 34 ("GASB Statement #34") and provide audited statements in compliance with same;
- Shall be capable of offering assistance in the areas of taxation and fund accounting;
- Shall have at least one Pennsylvania public school district as a current client.

GASB Compliance

The Audit Firm will need to supply audit statements in compliance with all relevant GASB standards including, but not limited to, GASB 3, GASB 7, GASB 9, GASB 10, GASB 14, GASB 23, GASB 31, GASB 33, GASB 34, GASB 37, GASB 38, GASB 39, GASB 40, GASB 41, GASB 42, GASB 44, GASB 49, GASB 51, GASB 53, GASB 54, GASB 61, GASB 62, GASB 63, GASB 65, GASB 67, GASB 68, GASB 69, GASB 70, GASB 72, GASB 74, GASB 75, GASB 77, GASB 80, GASB 83, GASB 84, GASB 86, and GASB 88.

Scope of Audit

The District funds to be audited are as follows:

- General Fund
- Capital Project Funds
- Special Revenue Funds (result of GASB 84)
- Internal Service Fund
 - Self-Insurance Fund
- Enterprise Funds
 - School Nutrition Services Fund
 - Extended School Care Fund
 - Community Education
- Fiduciary Funds
 - Custodial - Student Activity Funds
 - Private Purpose Trust - Scholarship Funds
- General Long-Term Debt Accounts
- General Fixed Asset Accounts
- Any other operating funds of the North Penn School District that are normally required to comply with Federal and State guidelines

The auditor shall observe the adequacy of the District's systems of internal control. Any material weaknesses shall be noted and appropriate recommendations shall be reviewed with the Chief Financial Officer and the Superintendent of Schools and shall be included in a Management Letter to the North Penn Board of School Directors.

The audit shall be completed no later than October 20 of each year. The audit field work shall be completed no later than September 30 of each year and a draft of the financials is due by October 10 of each year.

The District shall reserve the right to request copies of any of the working papers prepared in conjunction with the audit engagement at no additional cost to the District. Such working papers shall be provided on a timely basis, regardless of the status of any current agreements between the District and the audit firm. The auditing firm must retain all working papers and reports for a minimum of six (6) years from the date of completion of a particular year's audit and make them available to any authorized Federal or State entity or the North Penn School District, upon reasonable request. The audit shall comply with the Single Audit Act implemented by the Federal Office of Management and Budget in accordance with Uniform Guidance (formerly circular A-133) and any subsequent announcements, as applicable.

Audit confirmations (legal, financial, and others) will be prepared by the auditor in final form and mailing costs will be borne by the auditor.

The auditor shall supply a Client Assistance Package ("CAP") at the commencement of interim fieldwork, indicating expected reports and schedules to be prepared by the District. The CAP may be amended based upon mutual agreement by the District and the auditor.

It is expected that the auditor shall perform the following in the normal course of the audit:

- Analysis of sundry income and expense accounts (other income, sale of assets, legal expenses)
- Completion of various internal control questionnaires and single audit checklists
- Auditors' Report
- Notes to Financial Statements
- Schedule of Expenditures of Federal and State Awards
- All other schedules and opinions to be included in the Single Audit Report
- Annual Report of Revenues and Expenditures for all Special Revenue Funds
- Government-Wide Financial Statements
- Fund Financial Statements
- File the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations
- Assist the Business Office Staff with the preparation of the Annual Financial Report (AFR) to the Department of Education
- Annual Audit of 2 tax collector accounts per year on a rotating basis.
- Other statements that may be required

A list of schedules and reports indicating responsibility for preparation is included as Exhibit "A" of this Request for Proposal.

Audit Standards

The examination of the District's records shall be done in accordance with generally accepted auditing standards, as adopted by the AICPA and GASB Statement No. 1, "Codification of Auditing Standards and Procedures," for state and local governments.

Unacceptable Work

If the auditor's audit reports are determined to be unacceptable by the School District, the AICPA Standards or the Standards for Audit of Governmental Organizations, Programs, Activities and Functions and Guidelines for Financial Compliance Audit of Federally Assisted Programs, issued by the Auditor General, the Single Audit Act of 1984, and OMB Circular A-133, the audit firm may, by written request, be required to re-audit at its own expense and submit a revised acceptable audit report.

The District has the right to reject the auditor's audit report for one (1) year after the District has submitted the audit report to State and Federal agencies.

If the audit firm fails to comply with any of the terms of this proposal, the District may terminate this contract.

Fraud and Illegal Acts

If, during the course of the examination, the auditors uncover indications of possible fraud or other illegal acts, the auditors shall immediately notify the officers of the North

Penn Board of School Directors and appropriate State and Federal agencies in writing. The auditors shall perform sufficient fieldwork to be able to clearly describe and document the situation.

Advisory Assistance

The audit firm shall be available to provide advisory assistance to the District's administration throughout the school year including, but not limited to, assistance with audits of State and Federal agencies. The school district will maintain its financial records and the audit firm will advise as may be necessary to enable the school district to comply with the requirements of regulatory agencies.

The audit firm shall provide year end adjusting journal entries to the District's business office staff, assist in reconciling accounts as needed and assist in the preparation of year end financial statements and the Annual Financial Report as needed.

Form of Proposal

Proposals shall be presented as follows:

1. Brief statement of understanding of the work to be done and a positive commitment to perform the work within the specified time period.
2. Presentation of names of the individuals who will be authorized to make representations on behalf of the audit firm, including title, address, e-mail address, and telephone number of each.
3. Explanation of the size and structure of your firm.
4. Listing of the number of people, individual experience level, and qualifications of the individuals that are expected to conduct the audit for the District. A resume for each individual is suggested. Describe the experience of the senior auditor who will be assigned to the audit and the expected percentage of time that individual will be on-site.
5. Reference list of public school district audit clients including the types of services performed and the length of service with each district. List the contact person at each public school district along with his/her e-mail address and telephone number.
6. The level of the firm's technical experience in preparing school audit reports.
7. The firm's approach to performing the audit to include at least the following: (i) type of audit program used, (ii) use of statistical sampling, (iii) organization of the audit team and estimate of total job hours, (iv) management letter, (v) assistance expected from District staff, and (vi) timeline for conducting the audit.
8. The fixed fee quote for the audit for the 2019-20, 2020-21, 2021-22, 2022-23, and the 2023-24 school years. The audit proposal may not be withdrawn for a period of ninety (90) days from the date the proposals are opened. A quote form is attached to this Request for Proposal for Auditing Services.
9. The firm shall provide information on the results of the most recent peer review and the results of any Federal or State reviews of its audits during the past five (5) years. In addition, the firm shall provide information on the circumstances and

status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies or professional organizations.

Evaluation of Proposal

Proposals will be evaluated using the following criteria:

- The volume and success of Pennsylvania public school district auditing experience. Success is defined as positive references and no additional fees.
- Technical experience of the audit firm
- The experience and professional qualifications of the audit team
- Cost of the auditing services
- Other supportive considerations as documented by the firm submitting the proposal

Additional Information

- The District will not be liable for any cost incurred in the preparation of proposals.
- The submission of a proposal shall be prima facie evidence that the firm submitting the proposal has full knowledge of the scope, nature, quantity and quality of work to be performed; the detailed requirements of the specifications; and the conditions under which the work is to be performed.
- The firm submitting the proposal shall furnish the District such additional information as the District may reasonably require.
- The District will not be liable and will not pay for any costs not included in the proposal. Specifically, it will not be subject to any fees for “extra work.”
- The auditing firm will be responsive to the District’s requests for miscellaneous payroll tax form processing information and other general accounting and tax matters throughout the year at no additional cost to the District.
- The District reserves the right to conduct interviews of any or all firms submitting proposals prior to selection. The District will not be liable for any costs incurred by the firm in connection with such interview (i.e., travel, reproduction costs, etc.). The tentative date for the interviews is Wednesday, April 8, 2020, from 1 PM to 5 PM.
- The District reserves the right to conduct pre-contract negotiations with any potential firms that have submitted proposals.
- The District reserves the right to reject any and all proposals. It retains sole discretion to accept the proposal it considers most favorable to its interest, and the right to waive minor irregularities in the proposals. The District further reserves

the right to reject all proposals and seek new proposals when such a process is in the best interest of the District.

- The District audit reports, annual financial reports, and other financial information for the past 10 years may be viewed at <https://is.gd/Nn6M4j>.

About North Penn School District

With a student population of 12,761, North Penn School District is located in the north central section of Montgomery County, Pennsylvania, and a small portion of south central Bucks County, Pennsylvania, and is comprised of the municipal subdivisions of the Boroughs of Hatfield, Lansdale and North Wales and the Townships of Hatfield, Montgomery, Towamencin and Upper Gwynedd, all located in Montgomery County and a small portion of the Townships of Hilltown and New Britain located in adjacent Bucks County. Geographically, the 42.6 square mile area lies approximately 18 miles north of center-city Philadelphia, 20 miles south of Allentown, 10 miles west of Doylestown and 10 miles northeast of King of Prussia, Pennsylvania. In addition to the incorporated communities, there are several well-known unincorporated communities located within the School District including: West Point in Upper Gwynedd Township, Kulpsville in Towamencin Township, Montgomeryville in Montgomery Township and Line Lexington in New Britain Township.

North Penn School District is a School District of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

There are approximately 1,951 employees of the School District, including 1,061 teachers and administrators and 890 support personnel including secretaries, maintenance staff, custodial staff, school nutrition staff, transportation and teacher aides. The 2019-20 annual budget is \$273,977,289. More information about the District can be found at www.npenn.org.

NORTH PENN SCHOOL DISTRICT

Request for Proposal for Auditing Services

**Request For Proposal
For Auditing Services
For the Fiscal Years**

2019-20, 2020-21, 2021-22, 2022-23 and 2023-24

(Return this form as the Cover Page of your Auditing Services Proposal)

Name of Audit Firm _____

Address _____

Contact Person _____

Telephone Number _____

E-mail Address _____

Web Site Address _____

FIRST, the undersigned have carefully examined the Request For Proposal for Auditing Services in accordance with the specifications of the proposal and agree to furnish and perform the specified audit services for the North Penn School District (the “District”) within the time limits specified for the amounts indicated below.

SECOND, the following quotation prices are listed as firm for a period of ninety (90) days after the due date of this Request for Proposal.

THIRD, if the audit firm in addition to the specified audit services performs services, the audit firm will supply time records and service descriptions to validate any invoiced charges.

FOURTH, the audit firm agrees to do the auditing services for the amounts quoted as follows:

Auditing Services for 2019-20	\$	_____
Auditing Services for 2020-21	\$	_____
Auditing Services for 2021-22	\$	_____
Auditing Services for 2022-23	\$	_____
Auditing Services for 2023-24	\$	_____

FIFTH, the audit firm's staffing fee structure, hourly rates and other costs will be as follows for services performed outside of the scope of the RFP:

Signature _____

Date _____

Title or Office _____

EXHIBIT "A"

LIST OF SCHEDULES AND REPORTS FOR NORTH PENN SCHOOL DISTRICT

Item Number	DESCRIPTION	PREPARED BY AUDITOR	PREPARED BY DISTRICT
1	Copy of annual budget as originally filed and reconciliation to final budget showing transfers by month		X
2	General ledger trial balance for general fund		X
3	Reconciliation of bank statements		X
4	List of petty cash accounts by location and custodian		X
5	Schedule of investments		X
6	Schedule of investment income		X
7	Schedule of delinquent real estate taxes including collection after June 30th		X
8	Schedule of payables		X
9	Schedule of fixed assets and depreciation	X	X
10	Analysis of components of accrued accounts	X	X
11	Schedule of federal assistance	X	X
12	State revenue confirmation		X
13	Schedule of current real estate taxes by locale reconciled from assessment to net revenues		X
14	Schedule of interim real estate taxes and transfer taxes		X
15	Sundry income and expense account analysis (other income, sale of assets, legal expenses)	X	
16	Activity funds bank reconciliations		X
17	Completion of various internal control questionnaires and Single Audit act checklist	X	
18	Pennsylvania Department of Education form PDE-2057 - Annual Financial Report	X	X
19	Auditor's report	X	
20	Notes to financial statements	X	
21	Schedule of expenditures of federal awards for the Single Audit Report	X	
22	All other schedules and opinions to be included in the Single Audit Report	X	
23	Annual report of revenues and expenditures for all funds	X	
24	Government-wide financial statements	X	
25	Management's discussion and analysis	X	X
26	Schedule of compensated absences	X	X
27	Data collection form for reporting on audits of states, local governments, and non-profit organizations	X	
28	Comprehensive Annual Financial Report (CAFR). It is the district's intent to prepare, publish, and submit a CAFR for consideration of award by the Association of School Business Officials and/or Governmental Finance Officers Association during the term of this agreement.	X	X

Where both parties are indicated to prepare the information, support from the auditing firm is requested.