

# Sharon City School District

Request for Proposal

For

Auditing Services

Tresa Templeton, Business Manager

215 Forker Blvd.

Sharon, PA 16146

Proposals Due:

Friday, June 23, 2023, by 3:00 PM

## **Invitation for Proposal**

The Sharon City School District (“District”) is soliciting proposals from independent certified public accounting firms to provide auditing services to the District for the fiscal years ending June 30, 2023, 2024 and 2025.

Each firm interested in submitting a proposal shall be provided an opportunity to discuss the Request for Proposal for Audit Services with the Business Manager by contacting Mrs. Tresa Templeton at 724-983-4004 or [tresa\\_templeton@sharonsd.org](mailto:tresa_templeton@sharonsd.org).

All proposals must be received by **Friday, June 23, 2023 at 3:00 PM** in the Business Office. The address for mailing or hand delivery of proposals is 215 Forker Blvd., Sharon, PA 16146, to the attention of Tresa Templeton, Business Manager. Proposals should clearly indicate “AUDIT SERVICES PROPOSAL” on the outside of the envelope. Faxed or emailed proposals will not be accepted.

Tentative plans call for the Sharon City School District Finance Committee to review the proposals and to make a recommendation to the Board of Education to award a contract at its July 17, 2023 regular meeting.

The Sharon City School District Board of Education reserves the right to reject any or all proposals and to waive, at its discretion, any irregularities, mistakes, omissions, or informalities relative thereto.

The Request for Proposal for Audit Services and specifications may be obtained from Mrs. Tresa Templeton, Business Manager, 215 Forker Blvd., Sharon, PA 16146, as well as on the District’s website at [www.sharon.k12.pa.us](http://www.sharon.k12.pa.us). Any questions should be directed to Mrs. Templeton by email at [tresa\\_templeton@sharonsd.org](mailto:tresa_templeton@sharonsd.org) or by phone at 724-983-4004. Responses will be posted on the aforementioned website.

## **Specifications for Proposal**

### **Term of Agreement**

The Sharon City School District fiscal year ends on June 30. Records necessary to conduct the year-end audit are generally available for final review in October of each year. Audit procedures must be completed by November 15<sup>th</sup>, the final completed audit report must be provided to the Business Manager by November 30<sup>th</sup> and presented to the Board for acceptance no later than December 15<sup>th</sup> of each year. The District will work with the successful firm on the actual timing of the audit.

## **Qualifications**

Eligible accounting firms shall meet the following specifications:

- Be free from obligations or interests that conflict with the best interests of Sharon City School District;
- Have successfully complied with 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);
- Have been the recipient of a peer review within the past three (3) years;
- Have the professional capacity and proficiency to provide the services requested herein on a timely basis. The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the task required and conform to the independence requirements and professional standards promulgated by Government Auditing Standards, issued by the Comptroller General of the United States;
- Have credible experience auditing Pennsylvania school districts; including a minimum of two (2) Pennsylvania public school districts as active audit clients. Response will include a listing of current and recent clients;
- Be familiar with the Pennsylvania School Systems Manual of Accounting and Related Financial Procedures, the PA Public School Code of 1949, as amended; with the Federal and State Single Audit Act regulations, guidelines and recent bulletins; and with directives related to school finance issued by the Pennsylvania Department of Education (PDE) and the PA Auditor General's Office;
- Be knowledgeable of the regulations and accounting statements of the Governmental Accounting Standards Board and the OMB Omni Circular, Uniform Grant Guidance: Administrative Requirements, Cost Principles and Audit Requirements;
- Be knowledgeable of the regulations and accounting statements of the Governmental Accounting Standards Board.

## **Scope of Audit**

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. The audit shall satisfy all federal, state and local requirements for an annual financial statement/single audit. The audit shall comply with applicable GASB standards and the Single Audit Act implemented by the Federal

Office of Management and Budget, Uniform Grant Guidance, in accordance with the Omni Circular, and any subsequent pronouncements, as applicable.

The audit will cover all funds and programs of the District including, but not limited to:

- Governmental Funds
  - General Fund
  - Capital Projects Funds
  - Debt Service Funds
- Special Revenue Funds
  - Athletic Fund
  - Family Center Fund
  - Student Dress Code Fund
  - Student Activity Fund
  - Elementary Student Activity Fund
  - Yearbook Fund
- Proprietary Fund
  - Food Service Fund
- Internal Service Funds
  - Benefits Fund
  - Section 125 Fund
- General Fixed Assets
- General Long-Term Debt

The audit will encompass a financial audit of the financial records and systems of the Sharon City School District for the years ended June 30<sup>th</sup>. The audit report must give an opinion of the fair presentation of the Sharon City School District's basic financial statements in accordance with generally accepted accounting principles and should include a review of the internal controls of the Sharon City School District accounting systems.

As part of the review of internal controls, 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 Business Manager and the Superintendent and shall be included in a Management Letter to the Sharon City School District Board of Education.

The audit firm shall provide to the Sharon City School District a certified audit of the Sharon City School District financial records encompassing all funds. The Sharon City School District shall determine the number of bound copies of the report that the audit firm shall provide. An electronic form of the final documents as a searchable PDF file is also required.

The basic audited financial statements must include (or their successors, as determined by GASB):

- Independent Auditor's Report
- Management Discussion and Analysis
- Basic Financial Statements
- Government-Wide Financial Statements

- Statement of Net Position
  - Statement of Activities
- Fund Financial Statements
  - Balance Sheet – Governmental Funds
  - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
  - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
  - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
  - Statement of Net Position – Proprietary Funds
  - Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
  - Statement of Cash Flows – Proprietary Funds
- Notes to the Financial Statements
- Required Supplementary Information
  - Budgetary Comparison Schedule – General Fund
  - Schedule of Changes in the Total OPEB Liability and Related Ratios – Retirees’ Health Plan – Last 10 Years
  - Schedule of District’s Proportionate Share of the Net OPEB Liability – PSERS Plan – Last 10 Years
  - Schedule of District’s OPEB Contributions – PSERS Plan – Last 10 Years
  - Schedule of District’s Proportionate Share of the Net Pension Liability – Last 10 Years
  - Schedule of District’s Contributions – Last 10 Years
  - Any Other Required Supplementary Information
- Other Supplementary information to include, but not limited to, combining fund financial statements

The audit may encompass a financial and compliance audit as outlined in Single Audit Act implemented by the Federal Office of Management and Budget, Uniform Grant Guidance, in accordance with the Omni Circular, and any subsequent pronouncements, as applicable. If a Single Audit is required, the audit firm shall perform sufficient work to issue a report and render an opinion. All audit work must be completed in accordance with the pertinent audit guides. Findings shall be made, costs questioned or recommended for disallowance, corrective measures recommended and a report issued.

The Single Audit portion of the audited financial statements must include (or their successors, as determined by the Federal Office of Management and Budget):

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance Required by Uniform Guidance and Report on the Schedule of Expenditures of Federal Awards Required By the Uniform Guidance
- Schedule of Expenditures of Federal Awards, including relevant footnotes

- Schedule of Findings and Questioned Costs
- Schedule of Prior Audit Findings

The audit firm shall be responsible for the submission of the Single Audit to the Federal Audit Clearinghouse (FAC).

The audit firm shall be available to, while maintaining independence as defined by GASB standards, provide advisory assistance throughout the fiscal year at no additional cost to the District; including but not limited to, assistance with minor payroll and payroll tax processing information, other general accounting matters and audits of State and Federal agencies.

The District is a grantee for Pennsylvania Department of Human Services (DHS) grants which require certain agreed upon procedures. The grants currently include the Family Center Grant and Family Support Grant. Requirements relating to these programs can be found in the DHS Single Audit Supplement. The cost for these services will be a separate item in the proposal.

The audit firm shall retain work papers and reports for a minimum of seven (7) years from the date of the audit report. The Sharon City School District and any appropriate Federal or State Agency shall have free and unrestricted access to the work papers, records, other supportive documentation and reports prepared, or in the process of being prepared, in connection with the audits performed under this proposal during the contract term and for seven (7) years from the date of submission of the final invoice or until litigation, audit or claim has been fully resolved, if later.

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.

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

### **Form of Proposal**

Proposals shall be presented as follows:

- Title Page – State that the document is a “Proposal for Audit Services” and list the following: date, audit firm name, local address, telephone number and contact information. Provide names of the individuals who will be authorized to make representations on behalf of the audit firm, including title, address, email address and telephone number of each;
- Table of Contents – Identify the contents by section and page number;
- Letter of Transmittal – Brief statement of understanding of the work to be done and a positive commitment to perform the work within the specified time period;

- Profile of the Audit Firm – Explanation of the size and structure of your firm. State whether the organization is national, regional or local. Define the level of the firm’s technical experience in preparing school audit reports;
- Auditor’s Experience Summary – Listing of the number of staff, individual experience level, and qualifications of the individuals that are expected to conduct the audit for the District. Describe the financial and single audit experience of each person to be assigned to the audit. Indicate the time each auditor will be on-site. Indicate the senior auditor who will be assigned to the audit and the expected percentage of time that individual will be on-site;
- Reference list of public school district audit clients including the types of services performed and the length of service with each district;
- The firms approach to performing the audit to include at least the following:
  - Type of audit program used;
  - Use of statistical sampling;
  - Organization of the audit team and estimate of total job hours;
  - Management letter;
  - Assistance expected from District staff;
  - Timeline for conducting the audit;
- A copy of the most recent external quality control review, as accepted by the American Institute of Certified Public Accountants (AICPA) Codification of Professional Standards. Statements should include whether that quality control review included a review of specific government engagements.
- The fixed fee proposal for the audit for the three (3) years ending June 30, 2023, 2024 and 2025. Proposals must be submitted as separate amounts for the audit of the financial statements and for the Single Audit, if required, and for the DHS agreed upon procedures and reports as previously described. The audit firm agrees to maintain a record of their percent of audit time by fund as a percent of total audit time, so that the cost of the audit can be appropriately allocated to the various funds. A quote form is attached to this Request for Proposal for Audit Services.

### **Evaluation of Proposal**

Proposals will be evaluated using the following criteria:

- Evidence in proposal that the submitting firm clearly understands the scope of the audit services to be performed
- Audit experience with Pennsylvania public school districts
- Technical experience of the audit firm
- Experience and professional qualifications of the audit team
- Size and structure of the audit firm
- Proximity of the firm to the Sharon City School District

- Cost of the audit 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 the 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” unless that work falls outside the work outlined in this proposal and is agreed upon in advance, in writing, by the Sharon City School 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.). Interviews, if necessary, will be conducted within 10 days of the RFP submission deadline.
- 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 and annual financial reports for the past 5 years will be made available upon request.

### **Information about Sharon City School District**

The Sharon City School District located in Mercer County, Pennsylvania, has a student population of approximately 2,000 students and employs about 250. The District’s three elementary schools, middle/high school, maintenance facility, administrative building and recreational facilities are all located within the City’s five square mile borders. The District is currently a Community Eligibility Provision (CEP) school. The proposed General Fund operating budget for 2023-24 is \$48 million which includes various state and federal grants, most noticeably the ESSER grants.



# Sharon City School District

## Request for Proposal for Audit Services

For the Fiscal Years Ended June 30, 2023, 2024 and 2025

### Response Form

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

Name of Audit Firm \_\_\_\_\_

Address \_\_\_\_\_

Contact Person \_\_\_\_\_

Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_

Web Site Address \_\_\_\_\_

FIRST, the undersigned have carefully examined the Request for Proposal for Audit Services in accordance with the specifications of the proposal and agree to furnish and perform the specified audit services for the Sharon City School District within the time limits specified for the amounts indicated below.

SECOND, the following quotation prices are listed as firm for a period of sixty (60) days after the due date of this Request for Proposal.

THIRD, if the audit firm performs services in addition to the specified audit services, the scope of the work will be agreed upon in advance, in writing, with the Sharon City School District. The audit firm will supply time records and service descriptions to validate any invoiced charges.

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

	<u>Financial Statements</u>	<u>Single Audit</u>	<u>Total</u>
Auditing Services for 2022-23	_____	_____	_____
Auditing Services for 2023-24	_____	_____	_____
Auditing Services for 2024-25	_____	_____	_____

FIFTH, the audit firm agrees to do the Agreed Upon Procedures for the two DHS grants for the amounts as quoted as follows:

Fiscal year 2022-23 \_\_\_\_\_  
Fiscal year 2023-24 \_\_\_\_\_  
Fiscal year 2024-25 \_\_\_\_\_

SIXTH, the audit firm's staffing fee structure, hourly rates and other costs will be as follows:

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

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_