

**BUTLER AREA
SCHOOL DISTRICT**

REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES

FOR

FISCAL YEAR END

JUNE 30, 2017

**BUTLER AREA SCHOOL DISTRICT
REQUEST FOR PROPOSAL
AUDITING SERVICES
For Fiscal Year Ending June 30, 2017**

GENERAL INSTRUCTIONS

All envelopes containing proposals shall be clearly marked “**PROPOSAL FOR AUDITING SERVICES**”.

RFP Packet Information: Available on the District website at www.basdk12.org or by contacting Debbie Brandstetter at 724-214-3104

Submission Due Date and Time: Friday, March 31, 2017 at 2:00 p.m.

Destination for Delivery of Proposals:
(faxed or emailed proposals not accepted) Butler Area School District
District Administration Office
Attn: Debbie Brandstetter
110 Campus Lane
Butler, PA 16001

Contact for Questions: Debbie Brandstetter, Director of Business Services
Email: deborah_brandstetter@butler.k12.pa.us
Phone: 724-214-3104

**BUTLER AREA SCHOOL DISTRICT
REQUEST FOR PROPOSAL
AUDITING SERVICES
For Fiscal Year Ending June 30, 2017**

I. INTRODUCTION

A. General Information

BUTLER AREA SCHOOL DISTRICT is requesting proposals from qualified firms of certified public accountants (CPA) to audit its financial statements for the fiscal year ending June 30, 2017, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards (GAAS), the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of Sections 4-230 through 4-236 of the Pennsylvania General Statutes concerning the State Single Audit Act, and the U.S. Office of Management and Budget (OMB) Circular A-133, as necessary.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the general purpose financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the task required. The Commonwealth of Pennsylvania has defined qualified auditors to perform Single Audits to be Certified Public Accountants (CPA) or Public Accountants (PA) who are: (1) Registered under Act 140 P.L. 318, May 26 1947, entitled "The CPA Law", as amended by Act 286, P.L. 1280, dated December 8, 1976; and (2) conforming to the independence requirements and professional standards promulgated by Government Auditing Standards, issued by the Comptroller General of the United States.

There is no expressed or implied obligation for BUTLER AREA SCHOOL DISTRICT to reimburse firms for any expenses incurred in preparing proposals in response to this request.

Response Date for Proposals:

In order to be considered for selection, Audit Firm proposals must be received in a sealed envelope clearly marked "PROPOSAL FOR AUDITING SERVICES", not later than 2:00 p.m. on Friday, March 31, 2017 in the office of the Director of Business Services, located at 110 Campus Lane, Butler, PA 16001. Faxed or e-mailed proposals will not be accepted.

No proposal may be withdrawn before 90 days after the date of the opening of the proposals.

The Finance Committee will evaluate proposals submitted. During the evaluation process, the Finance Committee reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Finance Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

BUTLER AREA SCHOOL DISTRICT reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between BUTLER AREA SCHOOL DISTRICT and the firm selected.

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B. Terms of Engagement

The BUTLER AREA SCHOOL DISTRICT fiscal year ends on June 30th. A three year contract is contemplated, subject to the annual review and recommendation of the Board, the satisfactory negotiation of terms (including a price acceptable to both BUTLER AREA SCHOOL DISTRICT and the selected firm), and the annual availability of an appropriation. The initial year of the engagement will be the fiscal year ending June 30, 2017.

II. DESCRIPTION OF THE DISTRICT

A. General

The auditor's principal contact with the BUTLER AREA SCHOOL DISTRICT will be the Director of Business Services, who will coordinate the assistance to be provided by BUTLER AREA SCHOOL DISTRICT to the auditor. BUTLER AREA SCHOOL DISTRICT utilizes the Harris School Solutions (Formerly ProSoft) financial system for its accounting, payroll operations, and assets control and others.

Butler Area School District is located in southwestern Pennsylvania, 42 miles north of Pittsburgh, in Butler County. The District serves the municipalities of Butler, Center, Clearfield, Connoquenessing, Oakland and Summit townships, the boroughs of Connoquenessing and East Butler and the city of Butler.

The District's 150 square miles are home to six elementary buildings (grades kindergarten through 4), one middle school (grades 5 and 6), one intermediate high school (grades 7, 8, and 9), and one senior high school (grades 10, 11, and 12) and one school that houses the Districts emotional support and alternative education programs. Center Township Elementary School is nationally recognized as a Blue Ribbon School. Additionally, the Butler County Vocational Technical School is located on the grounds of the Butler Senior High School, which provides students with access to vocational programs. The District supports a student population of approximately 6,583. The 2016-2017 annual budget is \$104,336,798.

B. Background Information

Detailed information on the District and its finances can be found in the following documents provided with this Request for Proposal:

1. General Purpose Financial Statements for last year, and
2. Government Auditing Standards and Single Audit Reports for last year, and
3. The current year's District budget
4. The BUTLER AREA SCHOOL DISTRICT Annual Reports ending June 30, 2015 and June 30, 2016 and prior years are available.

C. Fund Structure

BUTLER AREA SCHOOL DISTRICT operates with six (6) funds: the general fund, the food service fund, the capital project funds, the debt service fund, the internal service fund and the student activity fund. Within each fund are a variety of individual programs with individual operational budgets.

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III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Statements and Schedules to be Prepared by the Agency

The staff of BUTLER AREA SCHOOL DISTRICT will prepare or provide the following statements and schedules for the auditor:

1. General Ledger Reports
 - a. Adjusted trial balance for all funds and projects
 - b. Check registers for all accounts
2. Payroll Records
 - a. 941 Reports
 - b. Access to all bi-weekly payroll reports
3. Cash Accounts
 - a. Bank Reconciliations for all accounts as of June 30th
4. Accounts Receivable
 - a. Subsidiary ledger showing balance by customer
5. Prepaid Expense Schedule
6. Property
 - a. List of property additions costing more than \$5,000 (per item)
 - b. Description of any significant asset deletions
7. Accounts Payable
 - a. Subsidiary ledger showing balance by vendor
8. Construction Projects
 - a. Schedule comparing grant receipts, expenses and revenue
9. Debt Schedules including, if applicable:
 - a. Rental Leases
 - b. Capital Leases
 - c. PDE-2071 Forms
10. Board Meeting Minutes – 07/01/16 through 6/30/17
11. Schedules of Special Termination Benefits and other long-term debt
12. Other records or documents as requested

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B. General

Office space will be provided in close proximity to the financial records. Telephones and Internet access may be available as well as the use of a copy machine during the engagement. The audit firm will be required to provide its' own equipment and other office materials.

IV. NATURE OF SERVICES REQUIRED

A. General

BUTLER AREA SCHOOL DISTRICT is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2017, with the option to audit BUTLER AREA SCHOOL DISTRICT financial statements for each of the two (2) subsequent fiscal years. Contract renewals are based on District satisfaction, board's recommendation and approval

Informality and Acceptance, Rejection or Selection of Quotation

The School District expressly reserves the right to reject any or all proposals, to waive any informalities or irregularities in the proposals, and to accept that proposal which is in the best interest of the School District. All pricing must be held for 90 days. The District reserves the right to negotiate terms and conditions.

B. Qualifying Requirements

1. Qualified Firm

Firms submitting proposals must be qualified to perform independent audits of school districts (LEA) of the Commonwealth of Pennsylvania. The firm must have been engaged last fiscal year, as independent Auditors for the purpose of rendering an opinion on the annual financial statements of a Commonwealth of Pennsylvania LEA.

2. Location

The auditors must have an office located within the Commonwealth of Pennsylvania, and resident staff must be able to offer the full range of auditing services required by this Request for Proposal.

3. Non-Discrimination

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this agreement on the grounds of sex, race, color, creed, national origin, age (except minimum age and retirement provision), marital status, sexual orientation or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement by the Agency and may result in ineligibility for further Agency contracts. The Proposer shall at all times in the proposal and contract process comply with all applicable Government, state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

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4. Other

Supervisory members of the audit team, including the "in-charge" field auditor, should be Certified Public Accountants and have a minimum of five (5) years of municipal audit experience in the Commonwealth of Pennsylvania. The Finance Committee intends to strongly consider LEA audit experience and certification in evaluating the proposer's audit team.

Eligible accounting firms shall also meet the following specifications:

- Shall have no obligations or interests that conflict with the best interests of Butler Area 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 credible experience auditing Pennsylvania school districts; including a minimum of five (5) PA public school district as active audit clients.
- 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").

C. Scope of Work to be Performed

BUTLER AREA SCHOOL DISTRICT desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

General Scope of Work

The audit will cover all programs of the School District including but not limited to the general fund, food service fund, internal service fund, student activity funds, capital projects fund, debt service fund, real estate tax collectors, fixed assets and Federal programs. All final statements must be prepared by the audit firm in compliance with applicable GASB standards and shall satisfy all federal, state, and local requirements for an annual single/financial statement audit. The audit is to be performed in accordance with the provisions contained in this request for proposals.

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Specific Scope of Work

Although government auditing standards and generally accepted auditing standards only require auditors to adjust their client records for material misstatements, this District is accustomed to and requests all balance sheet accounts of all funds in the District should be adjusted for both material and immaterial corrections of each account balance. The district requires copies of all final adjusting entries, final trial balances, and final budget transfers for all audited funds. Additionally, the district requires an electronic, Excel version, of all final financial statements.

The proposal should include the total number of hours you anticipate to take to perform the complete audit.

The auditor is required to conduct a State Single Audit and a Federal Single Audit, as necessary.

The auditor is required to perform the procedures and filings necessary with the Federal Audit Clearinghouse associated with Form SF-SAC and the Single audit reporting package. The auditee certifier for BUTLER AREA SCHOOL DISTRICT will be the Director of Business Services.

The auditor is required to provide to the Director of Business Services by October 15 all requested and/or required financial statement information necessary for the BUTLER AREA SCHOOL DISTRICT to complete the PDE- 2057 (Annual Financial Report or AFR) for 2016-2017, and any subsequent years. Required reports include the Balance Sheet – Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, Statement of Net Position – Proprietary Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds, Statement of Cash Flows – Proprietary Funds, Statement of Net Position – Fiduciary Funds, Statement of Indebtedness and any additional reports as requested.

Non-Federal Programs Scope of Work

The audit will encompass a financial and internal control audit of the financial records and systems of the school district for the school years ending June 30th. The audit report must give an opinion on the fair presentation of the district's basic financial statements in accordance with generally accepted accounting principles and must include a review of the internal controls of the school district's accounting systems which might include a review of the following:

- Board Minutes
- Verification of receipts
- Expenditures
- Journal entries
- Budget transfers
- Payroll system
- Verifications of assets and liabilities
- Reconciliation of bank statements and investments
- Subsidiary records including insurance

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The audit firm shall provide to the school district a Management Letter listing any recommendations for improvements in school district procedures. The Management Letter will include specific reasons why the audit firm is suggesting changes to the district procedures. The Management Letter will incorporate the District's response, if applicable.

Federal Programs Scope of Work

The audit will also encompass a financial and compliance audit as outlined in the Single Audit Act of 1984. For a review of each program's compliance, the Audit Firm will use the Compliance Supplement for Single Audits of State and Local Governments, and AICPA Audit and Accounting Guide for Audits of State and Local Governmental Units, and the PDE Audit Guidelines for Single Audit. As required, the Audit Firm shall design its own procedures to supplement existing audit steps in order to form an opinion.

In addition to the audit guides, the Audit Firm shall apply its own audit standards and procedures and those developed by the American Institute of Certified Public Accountants (AICPA), "Generally Accepted Auditing Standards", and (Statement of Auditing Standards (SAS) Number 1. Codification of Auditing Standards and Procedures) and those developed by Government Auditing Standards and OMB Circular A-133, and any other applicable or required standards.

Federal Programs Opinion

The Audit Firm shall perform sufficient work to issue a report and render an opinion. All audit work, which can be performed on existing records, 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. All reports shall contain the appropriate Opinion or Disclaimer of Opinion in accordance with AICPA Audits of States and Local Governments.

D. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Comptroller General's Government Auditing Standards, in conjunction and conformity with sections 4-230 through 4-236 of the Pennsylvania General Statutes (the State Single Audit Act) and OMB Circular A-133 (the Federal Single Audit Act) when applicable.

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E. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall provide to the Board of School Directors a certified audit of the school district's financial records encompassing all funds as required by Generally Accepted Auditing Standards, and Government Auditing Standards, the Pennsylvania General Statutes and OMB Circular A-133 including but not limited to the following:

Governmental Auditing Standards:

- *Auditor will prepare a report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.*
- *A report on compliance with applicable laws and regulations.*

State Single Audit:

- *Reports on the supplementary schedules of state financial assistance.*
- *Reports on the internal control structure used in administering state financial assistance programs.*
- *Reports on compliance with laws and regulations related to major state financial assistance programs. This report should include an opinion on compliance with specific requirements applicable to major state financial assistance programs.*

Federal Single Audit:

- *Reports on the supplementary schedules of Federal financial assistance.*
- *Reports on the internal control structure used in administering federal financial assistance programs.*
- *Reports on compliance with laws and regulations related to major federal financial assistance programs. This report should include an opinion on compliance with specific requirements applicable to major federal financial assistance programs.*

The auditor shall communicate in a letter to the Board of Directors any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The basic financial statements must include, at a minimum, the following:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
- Statement of Net Position – Proprietary Fund (Food Service and Internal Service)
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund (Food Service and Internal Service)

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- Statement of Cash Flows – Proprietary Fund (Food Service & Internal Service)
- Statement of Net Position – Fiduciary Funds
- Statement of Changes in Net Position – Fiduciary Funds

Single Audit Report Package

The Single Audit Report Package shall contain a Table of Contents indicating the following sections by page number. All pages must be numbered and the report must include, at a minimum, the following:

- Independent Auditor’s Report
- Management Letter (includes recommendations and suggestions for changes and improvements in school district operations)
- Single Audit Report Distribution List (agencies which will receive the Single Audit Report)
- Management Discussion and Analysis (prepared by Director of Business Services)
- Transmittal Letter
- Opinion on Basic Financial Statements
- Basic Financial Statements (listed above)
- Notes to Financial Statements
- Required Supplemental Schedules
- Report on Compliance based on an examination of Basic Financial Statements performed in accordance with Government Auditing Standards
- Report on Internal Accounting Controls at the Basic Financial Statement Level
- Opinion on the Schedule of Expenditures of Federal Awards
- Schedule of Expenditures of Federal Awards
- Report on Internal Control (Accounting and Administrative) applicable to each major program
- Report on Compliance with Laws and Regulations Related to Major and Non-Major Federal Programs
- Schedule of Findings
- A “Response and Corrective Action Plan” recommendation for each finding and any weaknesses disclosed within the examination, if any.
- “Report on the Status of Prior Year’s Compliance Findings and Internal Control Weaknesses”.

F. 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 six (6) years, unless the firm is notified in writing by BUTLER AREA SCHOOL DISTRICT of the need to extend the retention period. The auditor will be required to make working papers available, upon request by BUTLER AREA SCHOOL DISTRICT.

The 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. Free and unrestricted access to and the right to require submittal of the documentation to school district or appropriate agency shall exist during the contract term and shall continue for six (6) years from the date of submission of the final invoice or until litigation, audit or claim has been fully resolved, if later.

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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.

G. Audit of Real Estate Tax Collectors

The audit firm shall perform an audit of the records of each of the real estate tax collectors of the district on a biennial basis, for the years 2016-2017 and 2018-2019 (if the Board agrees to renewal in year 2018-2019). The basic financial statements which shall be issued must include at a minimum the following:

- Independent Auditor's Report
- Statement of Cash Receipts and Disbursements
- Notes to Financial Statement

A separate report shall be issued for each of the municipalities of the District.

H. Audit of Golden Tornado Scholastic Foundation

The Golden Tornado Scholastic Foundation is a 501c3 non-profit organization that provides scholarships to students and grants for teachers of the BUTLER AREA SCHOOL DISTRICT. This Foundation is not a part of the BUTLER AREA SCHOOL DISTRICT however they do require annual audits to be completed as well as the completion of the Form 990 on an annual basis. A proposal section is included in Appendix D for the purposes of providing a proposal for the cost to the Golden Tornado Scholastic Foundation for the annual audit, preparation of financial statements and completion of the Form 990 annual requirements. BUTLER AREA SCHOOL DISTRICT does not have the authority to contract with the audit firm for services provided to the Golden Tornado Scholastic Foundation. Any proposals received for services under this section of the RFP will be forwarded to the Board of the Golden Tornado Scholastic Foundation for their review and evaluation. If they choose to contract with an audit firm it will be separate from the engagement with BUTLER AREA SCHOOL DISTRICT and will require a separate agreement with Golden Tornado Scholastic Foundation.

I. Other Audit Services

Periodically the District is required to have other accounting work performed. The Auditor will be expected to perform these engagements and any other audit services requested by the District outside of the standard audit at the hourly rate stated in Appendix D.

J. Implied Requirements

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

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K. Time limit of Audit

The Audit Firm shall execute and complete the annual audit between July 1st and September 30th of each fiscal year such that those fund level statements and schedules necessary to file the Annual Financial Report to the Commonwealth of Pennsylvania are available and will be submitted by October 1st of each year. The complete set of reports must be provided to the District electronically (PDF and excel) and in bound form no later than December 1st.

L. Cost and Pricing Data

Proposals must be listed as one total amount for the audit of both Non-Federal and Federal Programs including the single audit. Fee structures for staff and costs should be included in the event that the school district requests the Audit Firm to do additional work.

M. Unacceptable Work

If the Audit Firm's audit reports are determined to be unacceptable by the school district the Audit Firm may, by written request, be required to re-audit at its own expense and submit a revised acceptable audit report. The school district has the right to reject the Auditor's audit report for one (1) year after the school 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 school district may terminate this contract.

N. Audit Report Distribution

The Audit Firm shall file on behalf of the school district the Annual Auditor's Report to the Commonwealth of Pennsylvania, the Bureau of Census and required Federal agencies. The Audit Firm shall provide assistance to the school district in completing the Annual Financial Report that must be filed by the district with the Commonwealth.

O. 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 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.

P. Advisory Assistance

The Audit Firm shall be available to provide advisory assistance to school district 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 will provide year end adjusting journal entries to district business staff, assist in reconciling accounts as needed and assist in the preparation of year-end financial statements and Annual Financial Report as needed. The successful firm will clearly understand the District's lean structure and plan accordingly. The Audit Firm will present the audited financial statements to the Board of School Directors at a public meeting prior to December 31st of each year.

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V. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	March 1, 2017
Due date for proposals	March 31, 2017
Oral presentation, if necessary, by selected proposers	TBD
Appointment by the Board on or before	April 24, 2017
Contract date	June 1, 2017

B. Schedule for the Annual Audit

An entrance conference with management should be completed on or before September 1, 2017. At that time a schedule will be agreed to between the audit firm and the Director of Business Services and Superintendent as to when preliminary fieldwork will begin, when final audit work will be completed, when the exit conference will be held and when the audit firm will present the financial statement to the Board of School Directors.

C. Report Submissions

Copies of all reports shall be addressed to the Superintendent and President of the Board of Directors. The successful firm will also submit copies of reports as required by state and federal audit requirements.

The submission dates for the various reports to the District and the appropriate cognizant agencies on or before December 31st.

Where an extension of time may be required, it will be the responsibility of the Auditor to promptly notify the District, in writing. It is the District's responsibility to secure all necessary approvals in a timely manner. The Auditor shall promptly notify the Finance Committee of any suspicion of fraud, defalcation or misapplication of funds. Such notice shall be in addition to any notice to grantors required by single audit legislation.

The final report and fifteen (15) signed copies and an electronic copy should be delivered to the Director of Business Services.

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VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made via email to Debbie Brandstetter at deborah_brandstetter@butler.k12.pa.us

2. Submission of Proposals

The following material is required by 2:00 p.m. on March 31, 2017 in the office of the Director of Business Services, Central Administrative Offices, 110 Campus Lane, Butler, PA 16001 for a proposing firm to be considered:

Information Requested: -

In order to facilitate a uniform audit proposal review process and maximize comparability, it is required that the audit firms submitting proposal organize their proposals in the following manner: The sealed proposal entitled “**PROPOSAL FOR AUDITING SERVICES**” and six copies are to include the following:

1. **3 Year Proposal (Appendix D)** – Complete the information in Appendix D and attached it as the cover page for the auditing services proposal. The three year proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses. BUTLER AREA SCHOOL DISTRICT will not be responsible for expenses incurred in preparing and submitting the proposal.
2. **Table of Contents** – Identify the contents by section and page number
3. **Letter of Transmittal** (Limit to one or two pages) - A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered. A sample of this letter is included as appendix E.
4. **Profile of the Audit Firm** – State whether your audit organization is national, regional or local. Indicate the number and level of people from the closest office that will perform the audit. Provide a reference list of public school district audit clients for that office indicating the type of service performed, years of engagement, contact person and phone number. (Limit to five most relevant references).
5. **Auditors Experience Summary** – Describe the public school audit experience of each person to be assigned to the audit. Include position level held while on each audit. Indicate the approximate time each auditor will be on-site. Indicate the percentage of time the senior auditor and manager will be on-site. Complete and submit Appendix A.
6. **Insurance** – Provide an executed copy of Appendix C – Insurance

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7. **Describe your Firm's approach to the audit**, including at least the following:
 - a. Type of audit program used and a work plan, including an explanation of the audit methodology to be followed, to perform the services required for proposal. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems
 - b. Use of statistical sampling.
 - c. Use of computer audit specialists.
 - d. Organization of audit team and approximate time to be spent on the audit.
 - e. Provide a sample "management letter" and a sample of a "district information or records request list".

8. **Copy of Financial Statements** representative of work provided to school districts

9. **Other Proposal Requirements:** The detailed proposal should include the following:
 - a. An affirmative statement that it is independent of BUTLER AREA SCHOOL DISTRICT as defined by generally accepted accounting standards and the U.S. Comptroller General's Government Auditing Standards.
 - b. A list and description of the firm's professional relationships involving BUTLER AREA SCHOOL DISTRICT or any of its collaborative agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
 - c. An affirmative statement indicating that the firm and its municipal partner(s) are qualified to practice in Pennsylvania.
 - d. A copy of the firm's last peer review. Only firms with unqualified peer reviews will be considered. 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 three (3) years with state regulatory bodies or professional organizations

10. **Guarantees and Warranties** – Executed copies of Proposer Guarantees and Proposer Warranties attached to this request for proposal (Appendix B).

11. **Non-Collusion Affidavit** (Appendix F).

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VII. EVALUATION PROCEDURES

A. Committee

The Finance Committee will evaluate proposals submitted.

B. Evaluation Criteria

The following represent the principal selection criteria, which will be considered during the evaluation process of proposals.

1. The audit firm is independent and licensed to practice in Pennsylvania.
2. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
3. The firm has no conflict of interest with regard to any other work performed by the firm for BUTLER AREA SCHOOL DISTRICT.
4. The firm submits a copy of its most recent external peer review report and the firm has a record of quality audit work.
5. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
6. The firm's past experience and performance on comparable government LEA engagements. Success is defined as positive references and no additional fees.
7. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
8. Experience with the preparation of federal and state financial assistance and related reports.
9. The cost of the audit.
10. Audit Approach/Service Delivery Plan: Included in the proposal is a description of how the firm intends to conduct the audit, the service delivery system including who, will do what, how and where and details on staffing requirements for the engagement. Also a description of how the services will be coordinated and monitored and how access to them will be ensured through entrance conference, progress reporting and exit conferences.

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C. Oral Presentations

During the evaluation process, the Finance Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Finance Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

It is anticipated that a firm will be selected by April 24, 2017. Following notification of the firm selected, it is expected a contract will be executed between both parties within thirty days of approval.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between BUTLER AREA SCHOOL DISTRICT and the firm selected.

BUTLER AREA SCHOOL DISTRICT reserves the right without prejudice to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms and to waive minor inconsistencies with the request for proposal.

F. 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.).

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- 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 may be requested by contacting the Director of Business Services, Debbie Brandstetter, via email at deborah_brandstetter@butler.k12.pa.us

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APPENDIX B

B. PROPOSERS' GUARANTEES AND WARRANTIES:

Proposer Guarantees

The Proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section IV, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Pennsylvania laws with respect to foreign (non-state of Pennsylvania) corporations.
2. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees or agents thereof.
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of BUTLER AREA SCHOOL DISTRICT.
4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

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APPENDIX C

C. INSURANCE

The professional individual or firm shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or be in connection with the performance of the work hereunder by the individual or the firm, his agents, representatives, or employees. The cost of such insurance shall be included in the proposal.

For the purpose of this clause, the term "professional individual or firm" shall also include the individual's or firm's respective officers, agents, officials, employees, volunteers, boards and commissions.

Minimum Scope and Limits of Insurance:

- 1) Broad Form Comprehensive General Liability - \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, property damage, and products/completed operations.
 - 2) Automobile Liability - \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
 - 3) Umbrella Liability - \$1,000,000 per occurrence, following form.
 - 4) Workers' Compensation - Limits as required by State of Pennsylvania Labor Code.
 - 5) Employers' Liability - \$500,000 each accident with \$500,000 disease/policy limit and \$500,000 disease/each employee.
 - 6) Professional Liability (if used on a claims-made basis, insurance coverage shall be maintained for the duration of the contract and for two (2) years following contract completion.) - \$1,000,000 per occurrence and \$1,000,000 aggregate.
 - 7) Personal Property Coverage - Adequate insurance to cover the value of personal property (including but not limited to, personal computers) belonging to the Auditor while located on Agency property, while in use or in storage, for the duration of the contract.
 - 8) Aggregate Limits - Any aggregate limits must be declared to and be approved by the Agency. At the option of the Agency, the insurer shall increase or eliminate the aggregate limit and notify the Agency of any erosion of aggregate limits.
- A. Deductibles and Self-Insured Retentions - Any deductibles or self-insured retentions must be declared to and be approved by the Agency. At the option of the Agency, the insurer shall

reduce or eliminate such deductibles or self-insured retentions as regards the Agency or the Auditors shall procure a bond, which guarantees payment of the losses and related investigations, claims administration and defense expenses. At no time will the Agency be responsible for the payment of deductibles or self-insured retentions.

B. Notice of Cancellation or Non-renewal - Each insurance policy required by this Exhibit shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced, either in coverage or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District.

C. Other Insurance Provisions - The policies are to contain, or be endorsed to contain, the following provisions;

1) Liability, (General, Automobile, Professional) Coverage;

a. **"The District and its respective officers, agents, officials, employees, volunteers, boards and commissions"** are to be **named as additional insured** with regards to liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor. The coverage shall contain no special limitations on the scope of protection afforded to the District.

b. The Auditor's insurance coverage shall be the primary insurance as regards the District. Any insurance or self-insurance maintained by the District shall be in excess of the Auditor's insurance and shall not contribute with it.

c. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the District.

d. Coverage shall state that the Auditor's insurance shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of the insurer's liability.

2) Workers' Compensation and Employer's Liability Coverage

a. The insurer shall agree to waive all rights of subrogation against the District for losses arising from the work performed by the Auditor for the District.

b. If State statute does not require the Auditor to obtain Workers' Compensation insurance, then the Auditor shall furnish the District with adequate proof of the self-employment status. The Auditor agrees to waive all rights of claims against the District for losses arising from the work performed by the Auditor. In the event that during the contract this self-employment status should change, the Auditor shall immediately furnish proper notice to the District and a certificate of insurance indicating that Workers' Compensation insurance and the Auditor as has obtained Employer's Liability coverage required by this Exhibit.

D. Acceptability of Insurers

1) Insurance is to be placed with insurers which have a Best's rating of at least A.

2) Insurance companies must either be licensed to do business in the State of Pennsylvania or be deemed to be acceptable by the District's Attorney.

E. Verification of Coverage

The Auditor shall furnish the District with certificates of insurance effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the district before work commences. Renewal of expiring certificates shall be filed thirty days prior to expiration. The District reserves the right to require complete, certified copies of all required policies, at any time.

All insurance documents required by this Exhibit shall be mailed to the Director of Business Services/Finance Committee once the firm proposal is accepted.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

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3 YEAR PROPOSAL

APPENDIX D

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

Name of Audit Firm _____

Address _____

Contact Person _____

Telephone Number _____

E-mail Address _____

FIRST, the undersigned have carefully examined the Request for Proposal for Auditing Services in accordance with the specifications of the proposal, submit this proposal and agree to furnish and perform the specified audit services for the school district within the time limit specified for the amount indicated below.

SECOND, the undersigned agree to enter into a written contract to furnish such materials and services as required in the proposal specifications.

THIRD, the following quotation price is listed as firm for a period of ninety (90) days after the due date of this request for proposal.

FOURTH, no plea of mistake for this proposal shall be made available to the undersigned audit firm. No proposal may be withdrawn before ninety (90) days from the due date of this proposal.

FIFTH, the audit firm agrees to perform all necessary auditing services as outlined in the specifications, for the amount quoted as follows:

Audit - Butler Area School District Financial Statements

Auditing services for 2016-2017 \$ _____ Total number of hours _____

Auditing services for 2017-2018 \$ _____ Total number of hours _____

Auditing services for 2018-2019 \$ _____ Total number of hours _____

Audit - Real Estate Tax Collectors

Auditing services for 2016-2017 \$ _____ Total number of hours _____

Auditing services for 2018-2019 \$ _____ Total number of hours _____

Audit & Form 990 - Golden Tornado Scholastic Foundation (Optional)

Auditing services for 2016-2017 \$ _____ Total number of hours _____

Auditing services for 2017-2018 \$ _____ Total number of hours _____

Auditing services for 2018-2019 \$ _____ Total number of hours _____

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APPENDIX D (Page 2)

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

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

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APPENDIX E

**SAMPLE AUDIT SERVICES PROPOSAL TRANSMITTAL LETTER
(To be submitted on your firm's letterhead)**

To: Debbie Brandstetter
Director of Business Services,
110 Campus Lane
Butler, PA 16001

Dear Ms. Brandstetter:

We have read the Auditing Services Request For Proposal (RFP) and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment, and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Evaluation Committee.

We have attached the following:

1. Proposal as outlined in Section VI
2. Appendix A: List of Key Personnel
3. Appendix B: Proposer Guarantees and Warranties
4. Appendix C: Insurance
5. Appendix D: Proposed Fees

It is further understood and agreed that all information included in, attached to, or required by the Request for Proposal shall be public record upon delivery to the District.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

**APPENDIX F
NON-COLLUSION AFFIDAVIT**

STATE OF: _____

COUNTY OF: _____

I state that I am _____ of _____ and that I am authorized

(Name & Title)

(Name of Firm)

to make this affidavit on behalf of my firm, and its owners, directors and officers. I am the person responsible in my firm for the price(s) and the amount of this proposal.

1. The price(s) and amount of this proposal have been arrived at independently and without consultation, communications or agreement with any other contractor or party submitting or potentially submitting a proposal.
2. Neither the price(s) nor the amount of the proposal and neither the approximate price(s) nor the amount of the proposal have been disclosed to any other firm or person who is a proposer or potential proposer, and they will not be disclosed before proposal opening.
3. No attempt has been made or will be made to induce any firm or person to refrain from making a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal
4. The proposal of my firm is made in good faith and not pursuant to any agreement of discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
5. _____, its affiliates, subsidiaries, officers, directors and
(Name of Firm)
employees are not currently under investigation by any governmental agency and have not in the last three years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract, except as follows:

I state _____ understand and acknowledges that the above
(Name of Firm)

representations are material and important, and will be relied on by the Butler Area School District in awarding the contract(s) for which this bid is submitted. I understand, and my firm understands, that any misstatement in the affidavit is and shall be treated as fraudulent concealment from Butler Area School District of the true facts relating to the submission of proposals for this contract.

A statement above that a person or firm has been so convicted or found liable does not prohibit the Butler Area School District from accepting a quotation from or awarding a contract to such provider, but may be a ground for consideration by the Butler Area School District on the question whether the District shall decline to award a contract to the provider on the basis of a lack of responsibility.

(Signature) _____

(Name) _____

(Title) _____

(Firm) _____

Sworn to and described before me this

_____ Day of _____, 2017.

(Notary Public) My Commission expires: _____