

**REQUEST FOR PROPOSAL (RFP)
RFP SAU 01-18
AUDIT SERVICES**

Request for Proposal (RFP) Invitation

SAU #44 and the School Districts of Northwood, Nottingham and Strafford (herein referred to as the "districts") request proposals from licensed certified public accountant firms (herein referred to as the "firm") to audit their individual financial statements for the fiscal year ending June 30, 2018 and the ensuing two (2) fiscal years. These audits are to be performed in accordance with the provisions included in this request for proposal.

The districts will accept proposals delivered in person, by courier or by USPS to the SAU 44 Business Office, 23A Mountain Avenue, Northwood NH 03261. All proposals must be received no later than **2:00 PM, Tuesday, February 6, 2018** to be considered a Responsive Proposal. Proposals submitted by fax will be considered non-responsive and will not be accepted. Responsive Proposals shall provide that the terms of the Proposal remain valid for at least 60 days.

Copies of the RFP are available at the SAU 44 Business Office, located at 23A Mountain Avenue, Northwood, NH 03261, Monday through Friday from 8:00 AM to 3:30 PM. The districts are committed to prohibiting discrimination in employment on the basis of race, color, sex, age, religion, national origin, citizenship, height, weight, marital status, or handicap.

The firm as required by law shall not discriminate against any employee or applicant for employment with them with respect to hire, tenure, terms, conditional or privileges of employment. or a matter directly relating to employment, because of race, color, religion, national origin, age, sex disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, or marital status. Breach of this covenant may be regards as a material breach of any resultant contract.

Proposal Submission

A separate proposal shall be prepared for SAU #44 and for each of the individual school districts. Each proposal shall include the costs for audit services for that district. Eight (8) copies of each proposal and one (1) signed original document must be submitted in a sealed envelope clearly marked on the outside with the name, address, contact person, phone number and EMAIL address for the firm responsible for the proposal.

The envelope must be marked in the lower left-hand comer wit the following notation:
RFP – Financial Audit Services for SAU #44 and the School Districts of
Northwood, Nottingham and Strafford.

Documents should be addressed to:

SAU #44
Attn: Marjorie Whitmore, BA
23A Mountain Avenue
Northwood, NH 03261

All proposals will become the property of the districts.

To be considered responsive, all proposals must include:

- A. Transmittal Letter -A signed letter of transmittal briefly stating the firm's understanding of the work to be done, the commitment to perform the work within the time period, a statement of why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty (60) days.
- B. General Requirements – The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to these engagements. It should also specify an audit approach that will meet the request for proposal requirements. As such, the substance of proposals will carry more weight than their form or manner of presentation.

While additional data may be presented, the following subjects, items 1 through 8, must be included. The proposal must provide a straight forward, concise description of the firm's capabilities to satisfy the requirements of the RFP. These items represent the criteria against which proposals will be evaluated:

1. Independence:
The firm should provide an affirmative statement that it is independent of the districts as defined by generally accepted auditing standards promulgated by the most current U.S. General Accounting Office's Government Auditing Standards.
2. License to Practice in New Hampshire
An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of New Hampshire.
3. Firm Qualifications and Experience
The proposal should state the size of the firm, the size of the firm's government audit staff and the location of the office from which the work on this engagement is to be performed.
4. Partner, Supervisory and Staff Qualifications and Experience
The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate

whether each such person is licensed to practice as a certified public accountant in New Hampshire. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past five (5) years and membership in professional organizations relevant to the performance of the audit.

The firm shall provide as much information as possible regarding the number, qualifications, experience and training including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the districts. However, in either case, the districts retain the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the firm provided that replacements have substantially the same or better qualifications or experience.

5. Similar Engagements with Other Governmental Entities:

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposals. Indicate the scope of the work and the name and the telephone number of the principal client contact.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this RFP. Finns are required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the district's internal control structure

- f. Approach to be taken in determining laws and regulations that will be subject to audit test work.

7. Identification of Anticipated Potential Audit Problems:

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the districts.

8. Total All-Inclusive Price:

The cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The districts will not be responsible for expenses incurred in preparing and submitting the proposal.

The districts reserve the right, where it may serve its best interest, to request additional information or clarification from firms, or to allow corrections of errors or omissions. At the discretion of the districts, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Submission of the proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the districts and the firm selected.

It is anticipated the selection of a firm will be completed by February 20, 2018. Following the notification of the selected firm it is expected a contract will be executed between both parties by February 28, 2018. The successful firm will receive an individual contract for audit services for SAU #44 and for each school district.

Evaluation of Proposals

The following is intended to give a brief description of the steps that will be used in the evaluation of the proposals. SAU #44 staff will serve as the evaluators and will compare the relative merits of alternative audit approaches and will assess the hours required by the staff level to complete the various segments of the audit as well as determine if the experience of assigned staff is adequate for the type of audit required.

<u>Technical Criteria</u>	<u>Point Range</u>
1. Responsiveness of the proposal in clearly stating an understanding of the work to be performed (0-45)	
a. Audit Coverage	0-20
Adequacy of sampling techniques	
Adequacy of analytical procedures	
a. Realistic time estimates of each major segment of the work plan and the estimated number hours for each staff level including consultants assigned	0-10
b. Copy of an audit conducted last year for similar districts	0-15
2. Technical experience for the firm (0-40)	
a. Auditing of the type under consideration	0-15
b. Auditing similar entities (size/budget)	0-20
c. Firm of staff auditing experience with similar districts	0-5
3. Qualifications of staff, including consultants, to be assigned to the audit. Education, including continuing education courses taken during the past two years, position in the firm, and years and types of experiences will be considered. Qualifications will be determined from the resumes that are submitted (0-30)	
a. Qualifications of the audit team	0-20
b. Supervision to be exercised over the audit team by the firm's management	0-10
4. Size and structure of the firm	0-10
TOTAL TECHNICAL POINTS	0-125

<u>Cost Criteria</u>	<u>Point Range</u>
1. Cost of the Audit	0-25
TOTAL COST POINTS	0-25
MAXIMUM POINTS	0-150

Oral Presentation

During the evaluation process, the Business Administrator may request one or all of the respondents to make oral presentations. Such presentations may provide firms with an opportunity to answer any questions on a firm's proposal. Not all firms may be asked to make such oral presentations.

Final Selection

The district school board will select a firm based upon the recommendation of SAU #44 administration.

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 the districts and the firm selected.

The districts reserve the right to reject any an all proposals and to waive any irregularities if deemed to be in its best interest. The RFP is not a low-bid price competition. Instead, proposals will be evaluated in accordance with the firm's responsiveness to the requirements set forth in the RFP, in the districts' sole discretion. Any contract awarded will be based upon best perceived value to the districts.

There will be no public bid opening. Any information provided in a proposal becomes available for public inspection and distribution as required under New Hampshire "right-to-know" laws after award of a contract. All proposals will become the property of SAU#44.

Term of Engagement

A three (3) year contract with an option for annual renewal is contemplated, subject to satisfactory negotiation of terms and the concurrence of the districts and SAU #44 respective school board.

Questions Regarding the RFP

Questions about the RFP, its content, proposal format or any other questions deemed necessary to submit a responsive proposal must be submitted in writing to:

SAU #44
Attn: Marjorie Whitmore, BA
23A Mountain Avenue
Northwood, NH 03261

Or by EMAIL: mwhitmore@nhsau44.org

Background Information

SAU #44 is a New Hampshire public school system comprising the Northwood, Nottingham and Strafford School Districts. Current enrollment is approximately 2,100 students in three (3) elementary schools and high school.

A. Locations:

Northwood Elementary School
511 First New Hampshire Turnpike
Northwood, NH 03261

Nottingham Elementary School
245 Stage Road
Nottingham, NH 03290

Strafford School
22 Roller Coaster Road Unit #1
Strafford, NH 03884

B. Principal Contact

The auditors will report to the Chairperson of the School Board and will receive information from the Business Administrator or a designated representative, who will coordinate the assistance to be provided by the districts to the auditors.

C. Accounting System and Software

The districts use the modified accrual accounting system as recommended by the New Hampshire Department of Education. The districts utilize the ADS software from Tyler Technologies.

D. Federal and State Financial Assistance

As part of the Single Audit Act, all Federal and State Finance Assistance received by an individual district must also be audited when that district receives in excess of \$750,000 of Federal grants and assistance from the U.S. Department of Education, U.S. Department of Agriculture, State of New Hampshire and other entities.

Current Service

At the end of the 2016-2017 school year, the districts concluded a 3 year contract with Melanson Heath and Co., who has provided audit services to the districts for the last nine (9) years. It is expected that Melanson Heath and Co. will respond to this invitation.

Separate Contracts

Four (4) separate contracts will be required; one for SAU #44 and one for each school district as each school board will reserve its individual contracting rights.

Nature of Services Required

A. Scope of Work to be Performed

The auditor will express an opinion on the fair presentation of the districts' financial statements in conformity with generally accepted accounting principles.

The financial and compliance audit will involve all the districts' major funds, business type activities and the aggregate remaining fund information which comprise the financial statements of the districts in accordance with generally accepted accounting standards within the United States. The Government Accounting Standards Board calls for the issue of Required Supplemental Information such as the Management Discussion and Analysis to supplement the districts' basic financial statements. While this information will not be audited, certain tests are expected to be applied in accordance with generally accepted accounting standards within the United States.

Assistance in the preparation of financial statements, schedules of expenditures of federal awards and related notes is expected.

Provide unlimited consultation during the year.

B. Auditing Standards

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government and Non Profit Organization.

C. Reports

The auditor shall submit the following reports to the districts with copies of each for transmittal to the New Hampshire Department of Education and other agencies as required:

1. Independent Auditors Report on financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.
2. Independent Auditor's Report on Compliance and Internal Controls over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

3. Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Single Audit Act.
4. Current Year Findings and Questioned Costs (Required for all A-133 audits)
5. Status of Prior Year Findings and Questioned Cost
6. A management letter, with appropriate recommendations, commenting on material weakness in internal accounting control, reportable conditions, and identifying possible noncompliance with finance related legal provisions. Sufficient time will be allowed for the districts to develop response(s) to the findings. The districts' response(s) will be a part of the letter formally issued by the auditor.
7. Irregularities and illegal acts. Auditors are required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become to the following parties:
 - a. Superintendent of Schools
 - b. Business Administrator

In the required report(s) on internal controls, the auditor shall communicate 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 districts' ability to record, process, summarize and report a financial statement.

A minimum of 15 bound copies of each audit report is required.

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the districts of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- SAU #44, the School Districts of Northwood, Nottingham and Strafford
- New Hampshire Department of Education
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the districts as part of an audit quality review process audit.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

E. Timing, Location, and Conduct of Audit Work

In addition to time requirements established by the New Hampshire Department of Education the following conditions shall apply:

1. The districts, expect to receive prior to May 1st of each year, a list of schedules to be prepared and other items required for the audit.
2. Pre-closing, interim tests and procedures shall be completed no later than May 31st of each year.
3. The final onsite audit will be scheduled to begin no later than the week of July 15th. The audit will be conducted on the SAU premises. SAU will provide space deemed adequate by the auditor to efficiently conduct the audit.
4. Adjusted trial balance figures are required by August 15th. Prior to completion of the onsite audit, the auditor will meet with the Business Administrator or designee to review adjusting journal entries and review any adjustments or concerns that might affect the Districts completion of state and federal financial statements.
5. Prior to submission of the completed report, the auditor will be required to review a draft of the proposed report and management letter with the Business Administrator or designee. The management letter will be sent to the Business Administrator.
6. The financial audit reports must be submitted to the districts and to the New Hampshire Department of Education no later than October 15th of each year. The Single Audit Financial Statement must be submitted to the Department of Education and processed through the Federal Clearinghouse by October 30th.
7. The auditor will present the financial statement and management letter at a meeting of the School Board if requested.

Contract Terms & Conditions

1. **Term** – The initial term of the contract for services will be for the audit of three (3) fiscal years, commencing with the fiscal year ending June 30, 2018 and including for years ending June 30, 2019 and ending June 30, 2020. The contract may be extended for up to three years through negotiation of mutually agreeable terms and conditions.

2. **Non-Appropriation** – The contract shall include a non-appropriation clause which states, "In the event that sufficient funds are not appropriated for financial audit services during the ensuing fiscal year, SAU 44 and/or any of the Northwood, Nottingham and Strafford School Districts may terminate this agreement by written notice within thirty (30) days of adoption of the district's budget for the fiscal year in question, and the agreement shall be terminated effective immediately.
3. **Contract Documents** – The contract documents shall consist of the "Request for Proposal-Financial Audit Services", any questions and written explanation or clarification of the RFP provided, all documents submitted by the firm in satisfying this request, and signed contractual agreements executed in a form approved by the districts.
4. **Payment Terms** – Progress payments will be made on the basis of work completed during the course of the agreement. Interim billings shall cover a period of not less than a calendar month. Ten (10%) will be withheld pending delivery of the firm's final reports.
5. **Termination of Performance** -The contract may be terminated at any time by the districts for unsatisfactory performance. In such case, the districts shall provide written notice to the firm citing the unsatisfactory performance, giving the firm ten (10) working days to improve its performance to the satisfaction of the districts. In the event that the firm's performance does not improve to the satisfaction of the districts, the contract for audit services with the firm may be immediately terminated.
6. **Termination Options** – In the event of a contractual termination, the districts reserve the right the right to employ another firm to complete the term if this agreement. The original firm shall be responsible for any extra or additional expense or damages suffered by the districts. In that event, the firm will be required to indemnify SAU #44 and the School Districts of Northwood, Nottingham, and Strafford for any loss that may be sustained.
7. **Non-Transferable - The** firm shall not have the right to transfer of assign the contract to any other person, firm or corporation.
8. **Indemnification** -The Carrier shall defend, hold harmless, and indemnify to the maximum extent provided by law, SAU 44 and the School Districts and School Boards of Northwood, Nottingham and Strafford, their officers, agents and employees from and against any and all claims, suits or demands for injuries or damages of any kind to any person or firm, in any way arising out of the performance of the contract.