

I. BACKGROUND INFORMATION

Auditing requirements for Texas' public school districts are contained in the *Texas Education Agency Financial Accountability System Resource Guide*, which is the authoritative document, adopted by reference as a rule of the State Board of Education, through Title 19, Texas Administrative Code, Section 109.61.

Santa Maria Independent School District (SMISD) ("the District") had an enrollment of 614 and 648 respectively in grades pre-kindergarten through 12, on 3 campuses. The 2011-2012 budgeted expenditures were \$8,400,000.00 and the budgeted expenditures for 2012-2013 were \$9,600,000.00. The school district expended federal financial assistance for several programs including but not limited to National School Lunch Program, ESEA Title I Part A - Improving Basic Programs, and ESEA Title I Part C - Education of Migratory Children.

The District has a contract with the County of Cameron for the collection of current and delinquent real and personal taxes. The Tax Assessor-Collector of Cameron County provides the District with monthly reports on all tax collections, disbursements, tax adjustments and levy balances.

A. Purpose of the Audit

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal years 2011-12 and 2012-13, to be completed again per the TEA correspondence dated April 15, 2014. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 and the *Texas Education Agency Financial Accountability System Resource Guide* for the District for the fiscal years ending August 31, 2012 and August 31, 2013. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the *Texas Education Agency Financial Accountability System Resource Guide*.

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the District has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the school district has adhered to specific financial compliance requirements.

As a part of the audit of the general purpose financial statements, the annual audit will also include obtaining an understanding of the school district's internal control and reporting any reportable conditions relating to the internal control systems coming to the attention of the auditors. To comply with Office of Management and Budget Circular A-133, a study and evaluation of internal control will include internal accounting and administrative controls for all major federal financial assistance programs, in accordance with standards for risk assessment for major federal financial assistance. Any material weakness noted during the study and evaluation of internal accounting and administrative controls and other kinds of noncompliance and questioned costs will be reported in compliance with the Single Audit Act.

As part of the audit of the financial statements, transactions and records pertaining to federal programs will be tested for material compliance with federal laws, rules, regulations, and all instances of noncompliance will be reported to the school district.

The audit will include the performance of certain audit procedures for the purpose of reviewing

the accuracy of fiscal information provided by the district through the Public Education Information Management System (PEIMS), as required by Section 44.008(b) of the Texas Education Code.

The audit will include procedures applicable to compensatory education funds as required by Module 9 of the Financial Accountability System Resource Guide, if required.

B. Other Requirements

1. The accounting firm should provide an annual audit report in a form acceptable to the Texas Education Agency and within the time frame stipulated in TEC 21.256 (d) of 150 days subsequent to the close of the fiscal year for which the audit was made.
2. The Board Audit Committee would expect to meet with the auditor(s) before audit and prior to board presentation. The chairman of the Audit Committee would call the meeting.
3. The District intends to sell bonds from time to time, which may require the audited financial statements and Auditor's opinion to be printed in total or as a part of the section of or addendum to the Official Statement for bond issues. Also, certification may be required for Interest and Sinking Fund Reserve Balances as a point in time other than year-end.
4. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Business Manager prior to commencing the audit assignment each year.
5. Financial statements developed by the Auditor must be in a form that complies with the requirements for the Texas Education Agency.
6. 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 District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to auditors from the Texas Education Agency, The General Accounting Office, or other applicable governmental agencies, that are not otherwise considered to be records open to the general public.

C. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the Request for Qualifications will be for the fiscal years ending August 31, 2012 and August 31, 2013.

II. QUALIFICATIONS CONTENT

A. Cover Letter

See Conditions for Submissions of Qualifications in Section III.

B. Management Component

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;

2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing school district/government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided. State the average daily attendance of the public school districts on the list;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;

C. Task/Activity Plan

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned.

D. Evaluation

The District will use the criteria listed in Texas Education Code Section § 44.031 Purchasing Contracts, subsection (b) and the criteria listed in Attachment A.

COMMUNICATION WITH EVALUATION TEAM MEMBERS: Firms submitting qualifications shall not discuss this RFQ with employees of SMISD or members of the Board of Trustees. The only discussions allowed will be at the scheduled interview, if held, if your firm is selected for an interview. Failure to abide by this requirement may result in disqualification.

III. CONDITIONS FOR SUBMISSIONS OF QUALIFICATIONS

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The District reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;

- D. The District reserves the right to select any firm on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price;
- E. The interested accounting firm shall furnish such additional information that the District may reasonably require;
- F. The District will not be liable for any cost incurred in the preparation of qualifications; and
- G. The District may ask interested accounting firms to send a representative for an oral interview prior to Board of Trustee approval of a Request for Qualifications. The District will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
- H. The District and interested accounting firms may enter into discussions and negotiations of Request for Qualifications, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, Santa Maria Independent School District (SMISD) reserves the right to award a contract without discussions/negotiations. The best and final offers may be required as early as 24 hours after completion of negotiations/discussions.
- I. Qualifications must be signed by an authorized individual to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a "mistake in Qualifications", and the Qualifications will be rejected as "non-responsive".
- J. By submitting a Request for Qualifications, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this Request for Qualifications in collusion with any other bidder and that the contents of this request as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this Request for Qualifications.
- K. Upon notification of potential selections for award, the person or entity submitting this request must give notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation).
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

IV. PROCEDURES FOR SUBMITTING REQUESTS FOR QUALIFICATIONS

A. Delivery

Responses to the Request for Qualifications should be addressed to:

Enrique Cuellar
Business Manager
Santa Maria Independent School District (SMISD)
P.O. Box 448
Military Highway 281
Santa Maria, Texas 78592
(956) 565-6308

Qualifications must be received no later than 2:00 p.m., Monday, May 12, 2014. Qualifications received at the Santa Maria Independent School District (SMISD) Purchasing Office after the time and date specified above will not be considered and will be filed unopened.

Oral or telegraphic qualifications transmitted via the District's facsimile machine are not acceptable. Qualifications must be submitted to the District in a sealed envelope. **DO NOT FAX YOUR QUALIFICATIONS!**

B. Number of Copies of Qualifications

Submit one (1) original and four (4) copies of the qualifications and one CD. The qualifications are to be bound and sealed.

V. ASSISTANCE TO REQUESTERS

- A. Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the District may contact:

Enrique Cuellar
Business Manager
enriquecuellar@smisd.net

- B. Any questions regarding this RFQ will not be answered by phone. Questions may be e-mailed to enriquecuellar@smisd.net.
- C. It is the firm's responsibility to view the web page regularly, or prior to submitting a response, to ensure that no addenda or additional information have been issued for the solicitation. The web address is www.smisd.net.

VI. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide one (1) copy of the written audit report and one (1) electronic copy of the final annual financial report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide and a copy in .pdf format.
- B. A preliminary draft of the audit report(s) will be presented to the District prior to submission of the final draft. Timing of the submission must allow District personnel sufficient time to review the report.
- C. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished as agreed upon during negotiations
- D. The independent auditor will be required to present the audit report to the Board of Trustees as agreed upon during the negotiation process.
- E. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the District and as provided for in the engagement letter. If a management letter is issued the auditor will provide the District twenty (20) copies.
- F. The auditor will prepare and provide one (1) copy of the Data Collection Form for Reporting on Audits of States, Local Governments and Nonprofit Organizations.

VII. INSURANCE COVERAGE

The awarded firm will be required to carry errors and omissions liability insurance coverage throughout the term of the contract. Include a copy of your current errors and omissions liability insurance with your Qualification Statements.

VIII. BOARD OF TRUSTEE APPROVAL

An Offeror will be selected on May 19, 2014, barring decision by the Board of Trustees to reject all offers submitted.

IX. Fees

Will be agreed upon during the negotiation process.

The SMISD will pay audit fees as agreed upon in the engagement letter.

X. OTHER INFORMATION

- A. Auditors will be allowed to work on site after 5:00 p.m. and on weekends if necessary and desirable. However, it cannot be guaranteed that Staff will be available to answer questions at those times. Arrangements should be made in advance if these after-hours periods are necessary.

XI. ATTACHMENTS

Attachment A	Evaluation Worksheet
Attachment B	W-9 Request For Taxpayer Identification Number and Certification
Attachment C	Conflict of Interest Form

Santa Maria Independent School District (SMISD)
Contractor Certification Form

Introduction: Texas Education Code Chapter 22 requires entities that contract with school districts to obtain criminal history records on covered employees. Covered employees with disqualifying criminal histories are prohibited from serving at a school district. Contractors must certify to the district that they have complied and must obtain similar certifications from their subcontractors. Before work on this contract begins, Contractor shall obtain criminal history record information through the criminal history clearinghouse as provided by Section 411.0845, Government Code relating to an employee or applicant who has or will have continuing duties related to the contracted services; and the employee or applicant has or will have direct contact with students. The Contractor must obtain criminal history record information before or immediately after employing or securing the services of the employee or applicant that has or will have continuing duties related to the contracted services if the employee or applicant has or will have direct contact with students. The Contractor further agrees that he shall assume all expenses associated with the criminal background check and shall immediately remove any employee or agent who was convicted of a felony, or misdemeanor involving moral turpitude, as defined by Texas law, from District property or the location where students are present.

The district may not obtain criminal histories for contractors: The law requires each contractor to obtain the criminal histories of its covered employees. For more information or to set up an account, a contractor should contact the Texas Department of Public Safety's Crime Records Service at 512-424-2474.

Definitions:

Covered Employees: Employees of a contractor who have or will have continuing duties related to the service to be performed at the District and have or will have direct contact with students. The District will be the final arbiter of what constitutes continuing duties or direct contact with students.

Disqualifying criminal history: (1) a conviction or other criminal history information designated by the District; (2) a felony or misdemeanor offense that would prevent a person from obtaining certification as an educator under Texas Education Code § 21.060, including an offense listed at 19 Tex. Admin. Code § 249.16; or (3) one of the following offenses, if at any time of the offense, the victim was under 18 or enrolled in a public school: (a) a felony offense under Title 5, Texas Penal Code; (b) an offense for which defendant is required to register as a sex offender under Chapter 62, Texas Code of Criminal Procedure; (c) an equivalent offense under federal law or the laws of another state.

On behalf of _____ ("Contractor"), I, the undersigned
authorized signatory for Contractor, certify to the Santa Maria Independent School District (SMISD)
("District") that [check one]:

[] None of Contractor's employees are covered employees, as defined above. If this box is checked, I further certify that Contractor has taken precautions or imposed conditions to ensure that its employees will not become covered employees. Contractor will maintain these precautions or conditions throughout the time the contracted services are provided.

Or

[] Some or all of Contractor's employees are covered employees. If this box is checked, I further certify that:

- (1) Contractor has obtained all required criminal history record information regarding its covered employees. None of the covered employees has a disqualifying criminal history.

- (2) If Contractor receives information that a covered employee subsequently has a reported criminal history, Contractor will immediately remove the covered employee from contract duties and notify the District in writing within 3 business days.
- (3) Upon request, Contractor will provide the District with the name and any other requested information of covered employees so that the District may obtain criminal history record information on the covered employees.

If the District objects to the assignment of a covered employee on the basis of the covered employee's criminal history record information, Contractor agrees to discontinue using that covered employee to provide services at the District.

I also certify to the District on behalf of Contractor that Contractor has obtained certifications from its subcontractors of compliance with Education Code, Chapter 22.
Noncompliance or misrepresentation regarding this certification may be grounds for contract termination.

I, the undersigned authorized agent for the company named below, certify that I have complied with the procedures outlined above and/or have employees whose duties are performed at school campuses where children are present.

First Name: _____ Last Name: _____

Enter Bid/RFP/Quote No./Date Awarded: _____

Yes, I have complied with Senate Bill 9 Section 22.0834

Company Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

E-mail: _____ Signature: _____

IMPORTANT

By submitting this form, I am indicating that I am complying with Senate Bill 9, Section 22.0834 Criminal History Record Information Review of Certain Contract Employees, Texas Education Code.

Mr. Enrique Cuellar
Business Manager
Military Highway 281
P.O. Box 448
Santa Maria, TX 78592
Phone (956)565-6308 Fax (956)565-0598

EVALUATION WORKSHEET

This worksheet is to be used to document the District's evaluation of the interested accounting firms' qualifications.

In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, the requester of the services reserves the right to consider other factors in making a final selection.

PROFESSIONAL QUALIFICATIONS

The evaluation of professional qualifications of the interested accounting firms will be based on the criteria listed in Texas Education Code Section § 44.031 Purchasing Contracts, subsection (b) and the following:

I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria. The interested accounting firm:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the independence standards of Government Auditing Standards, United States General Accounting Office (GAO).
- C. Must not have a record of substandard work.
- D. Must submit a request meeting all of the requirements of the Request for Qualifications.
- E. Must submit a copy of the errors and omissions liability insurance coverage.

II. Technical Criteria

Qualifications which have met each of the criteria in Section I above will be evaluated on the following criteria:

- A. Technical experience of the firm:
 - 1. Audit experience in Texas public schools
 - 2. Auditing experience in government entities
- B. Characteristics of the staff, including consultants to be assigned to the audit:
 - 1. Size and structure of the firm, including audit staff positions
 - 2. Qualifications of supervisory personnel, consultants, and the field audit team
 - Education, including continuing education courses taken during the past two years
 - Years and types of experience
 - 3. General direction and supervision to be exercised over the audit team by the firm's

management personnel

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan
2. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned

III. Oral Interviews (If Necessary)

IV. Contract Award Process

Santa Maria Independent School District (SMISD) will evaluate responses and rank respondents based on the total points received for the above listed criteria. The District will attempt to negotiate a contract with the top-rated respondent. If the District is unable to negotiate a contract with the top-rated respondent, the District will terminate negotiations and begin to negotiate a contract with the next highest rated respondent. This process will continue until a contract is awarded.

Timeline

- Release of RFQ: April 30, 2014
- Advertise dates: April 30, 2014 – May 5, 2014
- Deadline for Questions: May 7, 2014
- Qualifications due to the District: May 12, 2014
- Qualification evaluations: May 12 – 15, 2014
- Board of Trustee Approval (subject to change) : May 19, 2014