21.07 REQUEST FOR PROPOSAL
ANNUAL FINANCIAL AUDIT
BEAUMONT INDEPENDENT SCHOOL DISTRICT
February 24, 2021

The Beaumont Independent School District is requesting proposals from public accounting firms (the firm) to perform the annual audit for fiscal year 2021.

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 109.41.

Beaumont Independent School District has a membership of 17,000+ in grades pre-kindergarten through 12, on 27 campuses. The 2020-2021 general operating budget is $170 million. The school district also expended state and federal financial assistance with a budget of $30.7 million for several programs including, but not limited to, National School Lunch Program, ESEA Title I Part A - Improving Basic Programs, ESEA Title VI - Innovative Education Program and IDEA B. The District's 2020-2021 Interest and Sinking budget was $33 million.

A. Purpose of the Audit

The purpose of the Request for Proposal is to obtain the services of a public accounting firm for the annual audit for fiscal year 2021. The district-wide audit will encompass the general-purpose financial statements, combining statements and other schedules for the Beaumont Independent School District for the fiscal year ending June 30, 2021. The audit is to be performed in accordance with 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 Beaumont Independent School 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 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 accordance 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, and 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. Independent Auditor

The proposer must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and State Board of Education auditing rules.

C. Term of the Audit Engagement

The contract for audit services based upon the Board of Trustees approval of the proposal will be for the fiscal year ending June 30, 2021. The Beaumont Independent School District may request to extend this agreement for 4 one-year extensions (through fiscal year June 30, 2025), following satisfactory delivery of the services specified in the proposal and engagement letter.

D. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediator, whose decision will be binding upon both parties.

II. STATEMENT OF REQUIREMENTS

A. Satisfactory delivery of the services specified by the request for proposal and the engagement letter shall be presented no later than the regularly scheduled board meeting in November 2021.

B. The preliminary draft of the audit report will be presented to the school district two weeks prior to submission of the final draft.

C. The independent auditor will provide fifteen (15) bound copies of the written audit report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide. The proposer will specify the amount included in the total estimated audit fee for printing 15 bound copies of the audit report as well one (1) camera ready copy of the final report.

D. The independent auditor will be required to present the audit report to the Board of Trustees at the board meeting. The independent auditor is strongly encouraged to provide a management letter containing comments oriented toward constructive improvements.

III. PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section IV.

B. Technical Component

To describe clearly, the firm's understanding of the work to be done, the proposer will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;

2. Explain the firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;

3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and

4. Make a statement concerning the independence of the firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the district and any of the board members.

C. Management Component

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

1. Provide the name of the external quality control review organization of which the proposer is a member and the proposer's length of membership. Also, state the review organizations 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 proposer is a national, regional or local public accounting firm;

4. Provide evidence that the proposer 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 schools on the list;

5. State whether the proposer is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or 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. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two years;

9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the proposer's staff members;

10. Describe staff rotation plans for audit team members if this is to be a multiyear contract;

11. Describe the level of assistance that will be expected from Beaumont Independent School District personnel, including internal audit staff; and

12. Provide evidence of the ability to comply with the requirements in Sections II and III of the Request for Proposal.

D. Task/Activity Plan

The firm will specify budgeted hours, timelines, and sequence for audit procedures, and names of staff member(s) to be assigned.

E. Estimated Fees

State below the estimated fees for the annual audit for the fiscal year ending June 30, 2021. In addition, state estimated fees for the subsequent four years, under current existing conditions, if the Beaumont Independent School District were to request an extension of the contract.

1. 2021 Fiscal Year $_____

2. 2022 Fiscal Year $_____

3. 2023 Fiscal Year $_____

4. 2024 Fiscal Year $_____

5. 2025 Fiscal Year $_____

The Beaumont Independent School District will pay audit fees as agreed upon in the engagement letter.

F. Evaluation

Criteria used to evaluate the proposer's methodologies, products, and services are shown in Attachment A.

IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

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

A. Proposal must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the proposer's representative;

B. Proposal must address each of the audit requirements as stated in this Request for Proposal;

C. The Beaumont Independent School District reserves the right to reject any and all proposals, and to negotiate portions thereof. Proposals that address only part of the requirements contained in this Request for Proposal will not be considered;

D. The Beaumont Independent School District reserves the right to select any proposal, considering the quoted estimated fee and other factors;

E. The proposer shall furnish such additional information that the district may reasonably require;

F. The Beaumont Independent School District will not be liable for any cost incurred in the preparation of proposals; and

G. The Beaumont Independent School District may ask proposers to send a representative for an oral interview prior to Board of Trustee approval of a proposal. The Beaumont Independent School District will not be liable for the costs incurred by the proposer in connection with such interview.

H. The District and interested firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested firms who are deemed to be within the final competitive range; however, Beaumont ISD reserves the right to award a contract without discussions/negotiations. The

best and final proposal may be required as early as 24 hours after completion of negotiations/discussions.

I. Proposals must be signed by an authorized individual to contractually bind their firm when submitting the Proposals. Failure to sign the Proposals will be considered as a "mistake in Proposals", and the Proposals will be rejected as "non-responsive".

J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal 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 proposal.

K. Upon notification of potential selections for award, the person or entity submitting this proposal 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 Proposals (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 Proposals (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

V. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Mail Delivery

Responses to the request for proposal should be addressed to:

Beau W. Carroll, Purchasing
Beaumont Independent School District
3395 Harrison Ave.
Beaumont, Texas 77706

Electronic Delivery

Proposals may be submitted electronically to bids@bmtisd.com

Proposals must be received no later than 4:30 p.m., March 30th, 2021.

A proposal will be selected and presented to the Board of Trustees for approval at the April 2021 Board meeting.

B. Number of Copies of Proposal

Submit two (2) copies of the proposal. The proposals are to be bound and sealed.

VI. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the request for proposal or about the operations of the Beaumont Independent School District may contact Beau Carroll, Purchasing Agent at (409) 617-5041 or bids@bmtisd.com.

VII. BOARD OF TRUSTEES APPROVAL

A. The Board of Trustees expects to engage an audit firm. The Board of Trustees expressly reserves the right to reject all bids and to review the relationship on an annual basis and to formally approve each year's extension. The Beaumont Independent School District reserves the right to cancel any contract resulting from this Request for Proposal at any time, for any reason (or for no reason) with a thirty (30) day written notice to the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice. Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Proposal (or as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the District. It is possible that the Board could terminate the relationship at any time. However, the Board of Trustees does not desire or expect that to be the case and assumes that a long and satisfactory relationship will be the experience.

B. The Board of Trustees will pass a resolution accepting the written proposal as the understood agreement for services performed and other commitments.

Attachment A

EVALUATION WORKSHEET

This worksheet is to be used to document the school district's evaluation of the proposers' qualifications. Points within the ranges specified are to be assigned to the criteria listed below as a means for quantifying the relative strengths and weaknesses of the various proposals.

In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, 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 proposers will be based on the following criteria:

I. Mandatory Criteria

Proposals will not be considered for further evaluation unless there is compliance with all of the following criteria. The proposer:

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 proposal meeting all of the requirements of the Request for Proposal.

II. Technical Criteria and Points

Proposals 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. Auditing experience in Texas public schools (0-20)

B. Characteristics of the staff, including consultants to be assigned to the audit:

1. Size and structure of the firm, including audit staff (0-5)

2. Qualifications of supervisory personnel, consultants, and the field audit team (0-15)

    - 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 (0-15)

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan (0-5)

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 (0-10)

Total Technical Points:

III. Cost Criteria

Cost of the audit (0-25)

Total Technical and Cost Points

IV. Oral Interviews (If Necessary)

Interview Points Awarded (0-5)

Total Points

END