

MILLSAP INDEPENDENT SCHOOL DISTRICT

REQUEST FOR QUALIFICATIONS

ANNUAL FINANCIAL AUDIT SERVICES

The Millsap Independent School District is requesting qualifications from public accounting firms to perform the annual audit for fiscal year 2024.

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.

Millsap Independent School District (“the District”) has an enrollment of 1096 in grades pre-kindergarten through 12, on 3 campuses. The 2023-2024 budgeted expenditures for the General, Food Service and Debt Service Funds is \$16,859,126 (adopted). 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 II Part A – Teacher and Principal Training.

The District’s Comprehensive Annual Financial Report for the year ended August 31, 2023 is available upon request, e-mail Janelle Grau, jgrau@millsapisd.net.

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 year 2024. 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 year ending August 31, 2024. 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 basic financial statements, the annual audit will also include obtaining an understanding of the school district's internal control and reporting any significant deficiencies or material weaknesses 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, 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 interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and state board of education auditing rules. Public accounting firms that have performed annual audits for similar entities are encouraged to file a proposal.

C. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the proposal will be for the fiscal year ending August 31, 2024. The District may request to extend this agreement for another five years through fiscal year August 31, 2029, 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 mediation center, whose decision will be binding upon both parties.

II. PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section III.

B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm 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 interested accounting 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 audit 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 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 organizations planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent reviews 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 schools 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. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
10. Describe the level of assistance that will be expected from District personnel, including internal audit staff; and
11. Provide evidence of the ability to comply with the requirements in Sections II and VI of the Request for Qualifications.

D. 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.

E. Fees

Each proposal will clearly state the fees to be charged to the District for the annual audit of all funds of the District for the year ended August 31, 2024. This fee should be a flat annual rate and include necessary expenses. The fee should also cover follow-up work and provide for advice and counsel to the staff throughout the term of the engagement.

F. Evaluation

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

III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

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 proposal, considering the quoted estimated fee and other factors;
- 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.
- G. The District may ask firms to send a representative for an oral interview prior to the Board of Trustees' approval of a proposal. The Millsap Independent School District will not be liable for the costs incurred by the proposer in connection with such interview.

IV. PROCEDURES FOR SUBMITTING PROPOSALS

Responses to the Request for Qualifications should be addressed to:

Millsap Independent School District
Janelle Grau, Chief Financial Officer
201 E Brazos Street
Millsap, Texas 76066

Qualifications must be received no later than 2:00 p.m., February 15, 2024. Qualifications must be sealed and clearly marked on the outside of the package, RFQ - ANNUAL FINANCIAL AUDIT. Please provide two packets.

Qualifications received at the MISD Business Office after the time and date specified above will **not** be considered and will be filed unopened.

Oral, email, or telegraphic qualifications transmitted via the District's facsimile machine are **not** acceptable. Qualifications must be submitted to the District in a sealed envelope.

V. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the District may submit a written, faxed or email request to Janelle Grau, Millsap ISD, 201 E Brazos Street, Millsap, TX 76066, fax number 940-682-4476, email jgrau@millsapisd.net no later than February 9, 2024.

The District will only respond to questions submitted via email, fax or mail. The District will send addendums to all known interested accounting firms via email and will also post the addendum on our website at www.millsapisd.net.

VI. STATEMENT OF REQUIREMENTS

- A. A preliminary draft of the audit report(s) shall be presented to District personnel prior to December 1 to allow District personnel sufficient time to review the report.
- B. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the December meeting of the Board of Trustees for the financial audit. The independent auditor will be required to present the audit report to the Board of Trustees at the December meeting of the Board of Trustees or before.
- C. The independent auditor is encouraged to provide a management letter containing comments oriented towards constructive improvements. Copies of selected audit working papers will be provided as requested by Millsap Independent School District and as provided for in the engagement letter

VII. BOARD OF TRUSTEE APPROVAL

The Board of Trustees expects to engage an audit firm for five years. However, the Board of Trustees expressly reserves the right to reject all submissions and to review the relationship on an annual basis and to formally approve each year's extension. The Millsap Independent School District reserves the right to cancel any contract resulting from this Request for Qualifications 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 Qualifications (or as subsequently revised or changed). Any compensation due to 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.

Attachment A

EVALUATION CRITERIA		MAX POINTS
Technical experience of the firm:		
<ul style="list-style-type: none"> • Auditing experience in Texas public schools (0-15) 	15	
<ul style="list-style-type: none"> • Auditing experience in government entities (0-5) 	5	
<ul style="list-style-type: none"> • Customer Satisfaction, are current or prior customers of the firm satisfied with the level of service provided? (0-10) 	10	
Characteristics of the staff, including consultants to be assigned to the audit:		
<ul style="list-style-type: none"> • Size and structure of the firm, including audit staff positions (0-5) 	5	
<ul style="list-style-type: none"> • Qualifications of supervisory personnel, consultants, and the field audit team (0-5) 	5	
<ul style="list-style-type: none"> • Education, including continuing education courses taken during the past two years (0-5) 	5	
<ul style="list-style-type: none"> • Years and types of experience (0-10) 	10	
<ul style="list-style-type: none"> • General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15) 	15	
Clear understanding of the work to be performed:		
<ul style="list-style-type: none"> • Comprehensiveness of the audit work plan (0-5) 	5	
<ul style="list-style-type: none"> • 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) 	10	
Task Activity and Fees:		
<ul style="list-style-type: none"> • Task Activity Plan (0-5) 	5	
<ul style="list-style-type: none"> • Fair and Reasonable Fees (0-10) 	10	
Maximum Total Points		100
Company Name:		