


November 8, 2019

REQUEST FOR PROPOSALS

TO: Certified Public Accountants

FROM: Corey Weber, Director of Fiscal Services 

SUBJECT: **ANNUAL AUDIT OF FUNDS AND ACCOUNTS - HUMBOLDT COUNTY
OFFICE OF EDUCATION**

The Humboldt County Superintendent of Schools is interested in soliciting proposals for the audit of financial records of the Humboldt County Office of Education (HCOE). The audits shall be performed by a Certified Public Accountant or a Public Accountant licensed by the State Board of Accountancy and approved by the California State Controller's Office.

The Education Code requires that contracts for audits must include:

1. A provision to withhold 10% of the audit fee until the State Controller certifies that the audit report conforms to the reporting provisions of the audit guide.
2. A provision to withhold 50% of subsequent year fees if the prior year audit was not certified.
3. A provision that will allow the State Controller access to audit working papers of the independent auditor. The California State Board of Accountancy may be notified of any substandard work performed.

For the purpose of making the selection of the firm with which to negotiate an agreement, proposals are solicited and are due in this office no later than **5:00 p.m. on January 10, 2020**. It is anticipated that the agreement will be for an audit of records of the 2019-20 fiscal year, with an option on the part of the HCOE to continue same for the 2020-21 and 2021-22 fiscal years.

Each proposal is to be construed not as a bid but as one of a number of factors to be considered by the County Board of Education in making the final selection of an auditing firm.

It is intended that an agreement will be reached which is fair to both parties, which will provide for a reasonable return for work performed and which will be adjustable on a fair basis to take care of requests for unanticipated additional or deleted services during the second or third years.

Attached are specifications which will form a part of the agreement. Should you have any questions, please contact me at (707) 445-7066.

CW:jw
Attachments

AUDITING CONTRACT SPECIFICATIONS

The following are specifications for the agreement to be entered into between the Humboldt County Office of Education (HCOE) and the auditing firm selected to audit the funds of the HCOE for the 2019-2020 fiscal year with an option for renewal of the agreement for the years 2020-21 and 2021-22, under the same terms and conditions.

RESPONSE TO PROPOSAL

Proposals from interested firms are requested to include:

1. A statement describing how the examination will be conducted in order to comply with applicable laws, regulations and standards described in applicable accounting and auditing literature.
2. A brief description of the firm's system of quality control.
3. A statement of the independence of the firm and its employees.
4. A description of the school district and county office auditing experience of the firm, the principals (who will be directly supervising the work performed) and audit staff.
5. A description of the professional education of the firm's personnel within the last 2 years, covering school district audit topics.
6. A schedule of rates, maximum fees and the number of hours planned for each phase of the audit.

PLEASE NOTE: The schedule of maximum fees should show firm quotes for the first year and for each succeeding year.

The work to be called for is not to be divided among accounting firms and is not to be sublet either in total or in part by the firm selected to perform the audits.

AUDIT SCOPE AND STANDARDS

Each audit shall be performed in accordance with the requirements of Education Code section 41020 et al and shall include all funds of the entity including the student body, cafeteria funds, the Sequoia Conference Center, and any other funds and accounts under the control or jurisdiction of the entity. In addition, the audit shall be performed in accordance with generally accepted auditing standards, as promulgated by the AICPA, the standards applicable to financial audits as contained in the Governmental Auditing Standards (GAS) as issued by the Comptroller General of the United States; and the standards issued by the Office of the State Controller in Standards and Procedures for Audits of California K-12 Local Educational Agencies. When applicable, the audit must also be made in accordance with the requirements established by Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, issued by the U.S. Office of Management and Budget (OMB).

If the work performed by the audit firm is not in accordance with the standards in the RFP, or if the reports submitted by the audit firm are rejected by the Office of the State Controller as incomplete, the audit firm will be obligated to do whatever is required to correct the reports to meet the requirements as specified in the standards or as specified by the State Controller at no additional cost to HCOE.

AUDIT CHARGES

The agreement accepted by HCOE for services per annual report period shall include all necessary travel, secretarial, administrative and other costs necessary to fulfill the contract on the part of the auditing firm.

Payment shall be made when the audit has been completed and accepted or from time to time during the progress of the audit as may be mutually agreed upon, except that 10% of all payments normally due to the auditor will be withheld in accordance with Education Code section 14505 until the California State Controller certifies that the audit report conforms to the reporting provisions of the audit guide. Additional provisions of Education Code 14505 require a 50% payment withholding if a prior year audit does not conform to standards.

In the event that circumstances disclosed by the audit indicate that more detailed verification is required in addition to that which would be sufficient under ordinary circumstances, the auditing firm agrees to provide the district with all ascertainable facts relative to the extraordinary circumstances together with an estimate of any additional costs thereof. It is expressly understood that fees relating to such extended verification procedures will be in addition to the original fee agreed upon by the district and the auditing firm.

The terms of the agreement to be entered into shall specify a maximum amount of the fees so specified and will constitute the total amount of the compensation of the auditor for services to be rendered.

AUDIT COMPLETION, REPORTING, AND DELIVERY

The auditor will provide a draft report to the Director of Fiscal Services for review before the final report is released. The draft report needs to be sent to the Director of Fiscal Services at least 5 working days prior to the final report. The auditor shall conduct an exit interview with the Director of Fiscal Services.

No later than the 15th day of December, 2020, 2021 and 2022, respectively, the auditor shall deliver the original of each of the audit reports to HCOE, together with additional copies to be specified by HCOE, suitably bound together and properly indexed. Further, the auditor will submit the appropriate number of audit reports directly to the state controller's office and the federal audit clearing house no later than December 15, 2020, 2021 and 2022. The form and content of the reports shall be in conformity with the audit guide and amendments issued by the California State Controller. The auditor shall also deliver copies of all audit adjustments directly to the Humboldt County Office of Education no later than December 15, 2020, 2021 and 2022.

An audit manager or partner will present the audit report to the governing board of HCOE at a regularly scheduled board meeting no later than January 31.

The auditor will complete form SF-SAC; Data Collection form for Reporting an Audit of States, Local Governments, and Non-Profit Organizations; and submit the completed form to the Federal Clearing house by its due date.

The auditor shall perform the work required with due diligence, and the agreement entered into will be for personal services of the auditor and of the assistants selected by him and is not assignable. All audit exceptions of a material nature will be reported, as they are discovered, to the Director of Fiscal Services.

Audit work papers shall be maintained by the auditor for at least three (3) years after the date of the auditor's report. The auditor shall make available his work papers during this period to the California State Controller or representative and HCOE. Additionally, any recommended adjustments must be provided in sufficient detail for HCOE staff to understand and record the adjustments to the financial statements.

FAILURE TO COMPLETE WORK

In the event the auditor is unable to complete the work as required, the district expressly and specifically reserves the right to terminate the agreement and to engage another auditor as, in its judgment, may be necessary to complete the work as provided by Education Code 41020.2.

TERM OF CONTRACT

The agreement to be entered into for performance of the audit may be canceled by HCOE at its option by giving notice in writing to the auditors on or before June 1, 2020 or before June 1, 2021. In the former event, auditors shall perform no services for the fiscal year ending June 30, 2020 and in the latter event, auditors shall perform no services for the fiscal year ending June 30, 2021.