

REQUEST FOR PROPOSAL FOR AUDIT SERVICES

LEXINGTON COUNTY SCHOOL DISTRICT FOUR

Lexington County School District Four (the District) recognizes its fiscal responsibility to appropriately receipt and expend public funds available for the education of our citizens. In order to fulfill this responsibility, we are presenting this request for proposals for audit services of fiscal year 2022-2023 (with renewal available for fiscal years 2023-2024 and 2024-2025) for your consideration and response.

INSTRUCTIONS TO BIDDER

- The deadline for submission of proposals is 2:00 p.m. local time, Thursday, March 30, 2023. Five (5) copies of your proposal are required and should be delivered or addressed to Rebecca Ferguson, Chief Financial Officer, Lexington School District Four, 607 East Fifth Street, Swansea, South Carolina 29160. Please indicate on the envelope of the sealed bid that a “Proposal for Audit Services” is enclosed. The sealed bids will be opened promptly at 3:00 p.m. in the Conference Room. Any proposals received later than the specified time will not be considered and will be returned unopened to the offeror regardless of when it was mailed. No consideration of bid award will be made at the opening. Evaluation of each bid will be made as soon as possible with the award contingent upon approval of the Lexington County School District Four Board of Trustees.
- The District reserves the right to reject any or all proposals or to cancel this request in its entirety.
- All proposals will be treated as public information unless it is specifically requested that portions of the bid be treated as Trade Secrets under the Freedom of Information Act.
- Any questions relating to this proposal must be submitted via e-mail to rferguson@lexington4.net through Thursday, March 9, 2023. If an email response verifying receipt of request is not received within 24 hours, please call Rebecca Ferguson at 803-490-7000 Ext. 10061. A listing of questions and answers will be supplied to all bidders upon request.
- The 2022-2023 fiscal year is the year to be audited under this contract.
- The District may cancel the contract at any time in the event services prove to be unsatisfactory.
- The District reserves the option to renew the contract for two additional years, in increments of one year, under the same terms, charges, and conditions as contained in the original contract. However, this contract will not extend beyond the 2024-2025 audited year. Contract renewals are subject to availability of fiscal year funds and satisfactory performance.
- In case of duplicate, similar, or equal proposals, the decision of Lexington County School District Four will be final.
- The District reserves the right to conduct pre-contract negotiations with any or all potential proposers.
- Evaluation considerations will include the following:
 - . Comprehensiveness of audit work plan.
 - . Reasonableness of time estimates.
 - . Timeliness of expected completion.
 - . Technical experience of the Firm.
 - . Qualifications of Staff.
 - . Cost. (Cost will be given more importance when all other factors are relatively equal.)

I. REQUEST FOR AUDIT SERVICES

A. General Requirements

1. The District requires an audit of its total financial program. The following information is related to the 2021-2022 financial statements:

| Fund | Expenditures |
|------------------------------------|---------------------|
| General Fund | \$ 30,386,326 |
| Special Revenue - Special Projects | 10,028,889 |
| Special Revenue - EIA | 2,650,587 |
| Debt Service | 4,200,315 |
| Capital Projects | 846,059 |
| Proprietary Funds | 2,522,572 |
| Fiduciary Funds | 521,446 |
| | |
| | \$ 51,156,194 |

2. The District requires a financial and compliance audit. Specifically, the reporting method will be the “single audit concept” as detailed in the Single Audit Act of 1984, Public Law 98-502, OMB Circular A-133, the reporting requirements established by the Government Finance Officer Association of the United States (GFOA) and the Association of School Business Officials International (ASBO) Certificate program, and the South Carolina Department of Education’s (SDE) Audit Guidelines. The financial statements must also be in compliance with GASB 34. A copy of the SDE’s Audit Guidelines can be obtained from the South Carolina Department of Education, Office of School District Auditing, 1429 Senate Street, Room 406, Columbia, South Carolina, 29201, or from their website.
3. Your proposal should address the fiscal years ending June 30, 2023, June 30, 2024 and June 30, 2025.

B. Description of Lexington County School District Four:

Background

The School District is one of five school districts in Lexington County (the “County”), which is located in the center of the State. The School District is located in the southeastern portion of the County. The School District encompasses a land area of approximately 109 square miles and includes within its boundaries the Towns of Gaston and Swansea. The School District is bounded on the north by Brookland-Cayce School District No. 2, on the east by Calhoun County School District, on the south by Orangeburg County School District, and on the west by Aiken County School District and School District No. 1 of Lexington County. The School District is located approximately 20 miles from the City of Columbia, the State capital, and is part of the Columbia Metropolitan Statistical Area, comprising Richland, Lexington, Calhoun, Fairfield, Kershaw and Saluda Counties.

The School District operates one early childhood center (grades Pre-K through Kindergarten), one primary school (grades 1-2), one elementary school (grades 3-4), one intermediate school (grades 5-6), one middle school (grades 7-8), one freshman academy (grade 9), and one high school (grades 10-12). All schools of the School District are accredited by the State Department of Education and Southern Association of Colleges and Schools.

Financial Information

The District has four major governmental funds consisting of the General Fund, Special Revenue Fund (this is divided between Special Revenue-Projects and Special Revenue-Education Improvement Act), Capital Projects Fund, and Debt Service Fund. Pupil Activity Funds are treated as a fiduciary type fund and are centralized.

Political Information

The Lexington County School District Four Board of Trustees is a seven-member body elected by the public.

C. Assistance available to proposer:

1. The Business Operations Staff will be available to prepare schedules on a reasonable basis. The staff generally will pull requested documents. Computer equipment and the District's financial software will be available for auditing purposes. The Chief Financial Officer will be available to coordinate any audit work.
2. All primary accounting records are maintained in the Business Operations Department.

D. Report requirements:

1. All reports should be addressed to the Honorable Chairman and Members of the Board of Trustees of Lexington County School District Four.
2. Prepare all required and supplemental schedules and statements to include all detail/combining schedules as prescribed by the SDE, footnotes, statistical section, and to advise, as necessary, on related accounting and reporting concerns.
3. Prepare all necessary statements and schedules in accordance with GASB 34. It is expected that the firm will have experienced and adequate staff available to meet the changes that have been brought forth by GASB 34.
4. Provide an official opinion on compliance with applicable regulations. (This is specifically discussed in the State Audit Guide.) The report of the examination of the general purpose financial statements must state the scope of the examination and that the financial audit was performed in accordance with generally accepted auditing standards.
5. Submit a separate submission of the Excel template for the blended South Carolina Department of Education Supplemental Schedules for each fund type.

6. Include a Schedule of Expenditures of Federal Awards, as called for in OMB Circular A-133. The Schedule of Expenditures of Federal Awards must list by federal funding source each grant's sub fund code, federal grantor/pass through grantor program title, federal CFDA number, pass through grantor's number, and expenditures. The single audit section will contain the appropriate independent auditor's reports as required by OMB Circular A-133.
7. The auditor should be available to provide accounting expertise as needed to the District staff.
8. Assist the District in preparing the Management's Discussion and Analysis (MD&A).
9. The audit work must be performed in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants and generally accepted government auditing standards as established by the United States General Accounting Office, Comptroller General of the United States.
10. The reports must include School District comments and responses on all exceptions detailed in published reports.

E. Time Considerations:

1. All proposals must be submitted to Lexington County School District Four not later than 2:00 p.m. Thursday, March 30, 2023.
2. The District may elect to interview representatives from selected firms.
3. The contract should be awarded no later than Friday, April 28, 2023.
4. The District's financial books will be available for interim audit fieldwork.
5. Not later than November 15, an exit conference must be scheduled with the Chief Financial Officer to review a preliminary draft of the Management Letter. The District will be given an opportunity to provide written responses to the comments in the management letter which are to be included in the letter's final draft.
6. Not later than November 15, a preliminary report in draft format must be delivered to the Chief Financial Officer for review by District staff. This report will contain the audit report and will be prepared in conformity with GAAP. *(Should the preliminary draft not be delivered by November 15, a penalty will become effective. The penalty will be one half of one percent of the contracted audit fee, per calendar day until delivery.)*
7. The Board will expect the auditor to make a presentation of the audit to the full Board at its regular scheduled December meeting.
8. During the on-site work, periodic briefings should be held with the Chief Financial Officer.
9. When working in an area, an entrance conference, periodic briefings, and exit conference should be held with the Chief Financial Officer.

F. Contractual arrangements:

1. The 2022-2023 fiscal year is the year to be audited under this contract. Our fiscal year begins July 1 and ends on June 30.

2. The contract may be renewed for up to two additional years. The audits will cover the fiscal year from July 1, 2019 - June 30, 2023 and may be renewed for fiscal years 2023 – 2024 and 2024 – 2025. This contract will not be renewed beyond the audit of fiscal year 2024-2025. Contract renewals are subject to the availability of fiscal year funds and satisfactory performance.

II. INFORMATION TO BE PROVIDED BY THE PROPOSER

A. Title page:

1. Show the RFP Subject, the name of your firm, address, telephone number, name of contact person and date.

B. Table of contents:

1. Include a clear identification of the material by section and page number.

C. Letter of Transmittal (Limit to one or two pages):

1. Briefly state your understanding of the requested services and make a positive statement of your firm's ability, willingness and technical competence to perform such services.
2. Please list the person or persons who are authorized to make presentations for your firm, their titles, addresses, and phone numbers.
3. State an all-inclusive fee for which the work will be done.

D. Profile your firm

1. State whether your firm is local, regional, or national.
2. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.

E. Summary of proposer's qualifications:

1. Identify the partner, supervisors and staff who will work on the audit. Resumes for each supervisory person to be assigned to the audit should be included.
2. Please describe your firm's recent audit experience, if any, with public sector clients, especially South Carolina public school districts.
3. Describe the firm's experience and success with the certificate programs of GFOA and ASBO. Include the name of the governmental entity, date of certificate, contact person at the governmental entity, and their telephone number.
4. If other auditors are to participate in the audit, information on those auditors must be provided.

F. Scope of Financial Audit:

Clearly describe the scope of the required services to be provided. Since the requested services include both an examination of the financial statements and compliance with applicable laws and regulations, define the scope of the services to be provided in terms of the matters discussed in the following subsections.

1. Financial Audit. State that the examination will be made in accordance with generally accepted auditing standards.
2. Compliance Audit. State that in accordance with generally accepted auditing standards, the proposer will select the necessary procedures to test compliance and express an opinion regarding compliance with specified laws, regulations, and contracts.
3. GASB 34 Compliance. The District was required to implement Governmental Accounting Standards Board Statement No. 34 (GASB 34) during the 2002-2003 fiscal year and all subsequent years. Assistance in preparing all necessary statements and schedules in accordance with GASB 34 will be part of the audit contract. It is expected that the firm will have experienced and adequate staff available to meet the changes that have been brought forth by GASB 34. The District fully expects the successful proposer to prepare all required and supplemental schedules and to advise, as necessary, on related accounting and reporting concerns.

G. Approach to the examination:

Submit a work plan to accomplish the scope defined in Section II – F of these guidelines. The work plan should include time estimates for each significant segment of the work and staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified. The audit work plan should demonstrate the auditor's understanding of the audit requirements.

H. Compensation:

1. Estimate the total hours, the estimated out-of-pocket costs and the resulting all-inclusive maximum fee for which the requested work will be done. State the hourly rate to be charged for each staff classification. Fees for subsequent years should be included with a firm not-to-exceed amount.
2. List the average hourly rate of the firm. Adjustments may be negotiated for changes in South Carolina or federal requirements or for services in addition to the base audit. These adjustments will be billed at the average hourly rate proposed by the firm. The Chief Financial Officer will approve these prior to the performing of services.

I. Additional Information

Provide answers to the following questions.

1. What are the advantages of using your accounting firm?
2. What is the range of management and other consulting services you can offer without affecting your independence?
3. What type of support services (newsletter, industry programs, etc.) and informative consultation can your firm provide us?

4. Is your firm independent of the District?
5. Does your firm have a record of substandard work? Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
6. How can your firm help the District improve its financial performance?

All offertories must visibly mark as “Confidential” each part of their proposal, which they consider to contain proprietary information.

III. EVALUATION OF PROPOSALS

The district reserves the right to reject any and all proposals submitted and to request additional information from proposers. The award will be made to the firm which, in the opinion of the District, is the best qualified.

Evaluation considerations will include the following:

A. Mandatory Criteria

1. Affirm the proposer is a properly licensed certified public accountant, or a licensed public accountant who was licensed on or before December 1, 1970.
2. Affirm that the proposer meets the independence standards of the GAO’s *Government Auditing Standards, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions* (1988 Revision) by the Comptroller General of the United States.
3. Affirm that the proposer does not discriminate in employment of persons upon the basis of race, color, creed, national origin, sex, age, or physical handicap.
4. Affirm that the proposer does not have a record of substandard audit work.
5. Affirm that the audit field work will be completed and a preliminary draft of the report provided to the Chief Financial Officer by November 10.

B. Technical Factors

Responses to the proposal must clearly state an understanding of the work to be performed. As a result, evaluators will consider:

1. Comprehensiveness of audit work plan
2. Reasonableness of time estimates
3. Experience with school district audits and comprehensive financial reports
4. Technical experience of the firm
5. Qualifications of Staff

6. Location of the firm and its branches

7. Cost. While not a sole factor, cost will be given more importance when all other factors are relatively equal. Any offer that is unclear as to the total annual cost to the District shall be rejected. For evaluation purposes, costs must be provided in the format shown in Exhibit A.

IV. CONTRACTUAL ARRANGEMENTS

The proposal must specify the maximum fee applicable to the audit of the financial statements for each of the three years under consideration.

The District will issue an award letter to the successful proposer. The award letter will specify the maximum fee to be paid by the District for performance of the proposed audit as set forth in the successful proposal and will be for the fiscal year ended June 30, 2023.

The contract may be renewed for the succeeding fiscal years ended June 30, 2024 and 2025. The award shall not exceed three (3) audit years.

Any expansion of services beyond the maximum fee of the audit must have the proper written approval of the Chief Financial Officer.

V. OTHER-WORKING PAPERS

The successful proposer shall retain working papers for five (5) years. The working papers must be made available for examination by representatives of the State Department of Education, the State Auditor's Offices, and other District Auditors. In addition, the successful proposer must make all working papers physically available at the audit site to the auditor who audits the subsequent contract period.

EXHIBIT A

COST PROPOSAL FOR FINANCIAL AUDIT

Any offer that is unclear as to the total annual cost to the district shall be rejected. For evaluation purposes, costs must be provided in the following format:

| <u>OFFER</u> | | <u>COST NOT TO EXCEED</u> |
|---------------------|-----------|---------------------------|
| 1st year: | 2022-2023 | \$ _____ |
| 2nd year: | 2023-2024 | \$ _____ |
| 3rd year: | 2024-2025 | \$ _____ |
| TOTAL for (3) years | | \$ _____ |