

**REQUEST FOR QUALIFICATIONS
ANNUAL FINANCIAL AUDIT
EL PASO ACADEMY**

RFQ: 202005

The El Paso Academy (“the District”) is requesting qualifications from public accounting firms to perform the annual audit for the fiscal year ending August 31, 2020.

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.

El Paso Academy (“the District”) has a maximum enrollment of 500 students in grades 9 through 12 on two separate campuses. The 2019-2020 budget is approximately \$3,200,000. The District expended federal financial assistance for several program including but not limited to:

- Title I, Part A, Improving Basic Programs;
- Title I, Part C, Migrant Education Program;
- Title I, Comprehensive School Support;
- Title II, Part A, Funds to Support Effective Instruction;
- Title IV, Part A, Student Support and Academic Enrichment (SSAE) program
- IDEA, Part B Formula.

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 2020. The organization-wide audit will encompass the financial statements as required by the Texas Education Agency (“TEA”) Financial Accountability System Resource Guide (“FASRG”) for the District for the fiscal year ending August 31, 2020 – and for subsequent years in which this agreement might be extended. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the TEA FASRG.

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 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 the Office of Management and Budget Circular A-133 and EDGAR, 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. 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 of Directors and Executive Director will expect to meet with the auditor(s) at least annually.
3. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.
4. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Executive Director 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; they are not otherwise considered to be records open to the general public.

C. 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.

Pursuant to the State of Texas Legislative Senate Bill No. 1, Section 44.034, Notification of Criminal History, the undersigned affirms this firm is not owned or operated by anyone who has been convicted of a felony. This statement is not required of a publicly held corporation.

D. Term of the Audit Engagement

The contract for audit services based upon Board of Directors approval of the proposal will be for the fiscal year ending August 31, 2020. The District may request to extend this agreement in one year commitments for up to five years through fiscal year August 21, 2025, following satisfactory delivery of services specified in the proposal and engagement letter.

E. Dispute Resolutions

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 provide explanation of how a Charter School Audit differs from an Independent School District Audit;
4. Describe how the Financial Accounting System Resource Guide ("FASRG") criteria and charter specific modules will be utilized.
5. Make a statement concerning the independence of the interested accounting 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 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 public Charter School District 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 interested accounting firm's level of participation in and communication with such organizations as the Texas Education Agency, Texas Association of School Business Officials, and Texas Charter School Association;
7. Describe the proposed audit team, in terms of job positions in the firm;
8. 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;
9. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
10. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
11. Describe staff rotation plans for audit team members if this is to be a multiyear contract;

- 12. Describe the level of assistance that will be expected from District personnel, including internal audit staff; and
- 13. 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. Estimated Fees – State the estimated fees for the annual audit for the fiscal year ending August 31, 2020. Also, state estimated fees for the subsequent five years, under current conditions, if El Paso Academy were to request an extension of the contract.

<u>Fiscal Year</u>	<u>Annual Financial Audit Estimate</u>
2020	
2021	
2022	
2023	
2024	
2025	

El Paso Academy will pay audit fees as agreed upon in the engagement letter. El Paso Academy will not pay for travel fees over and above the estimates. All fees are to be included in the estimates above.

If future audit and/or agreed upon procedures are required that may render the estimate to be higher, the public accounting firm will notify El Paso Academy at least 6 months prior to commencing interim field work and a related change order must be issued to adjust the estimated fee.

F. Evaluation

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

III. CONDITIONS FORM 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, and telephone number of the interested accounting firm's representative;
- B. Qualifications must meet 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 meet 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; and
- G. The District may ask interested accounting firms to send a representative for an oral interview prior to Board of Director approval of a proposal. 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 revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, the District 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 or 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 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 anyone 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 PROPOSALS

A. Please email, mail or deliver responses to the Request for Proposals to:

Sarahi Gross, Executive Director
El Paso Academy
11000 Argal Ct.
El Paso, TX 79935

Qualifications must be received no later than 4:00 p.m. May 29, 2020.

Qualifications received at El Paso Academy after the time and date specified above will not be considered and will be filed unopened.

B. Number of copies of Qualifications

Submit one original and two copies of the proposal.

V. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Proposals or about the operations of the District may contact:

Sarahi Gross
Executive Director
sgross@elpacademy.com

The District will only respond to questions submitted via email.

The District will send addendums to the RFQ to potential accounting firms via email. Please send an email to sgross@elpacademy.com containing firm contact name and email address no later than May 22, 2020.

VI. STATEMENT OF REQUIREMENTS

A. The independent auditor will provide the final audit report that meets the requirements of the TEA FASRG, separately issued Single Audit Report if needed, including the Schedule of Expenditures of Federal Awards, SF-SAC Data Collection Form and a completed annual financial and compliance report (AFR).

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 no later than the November meeting of the Board of Directors for the financial audit.

- D. The independent auditor will be required to present the audit report to the Board of Directors at the January meeting of the Board of Directors. The auditor will provide the District with seven (7) copies and an electronic copy of the report.
- 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 with seven (7) copies and an electronic copy of the report.
- F. The auditor will prepare and file the tax Form 990

VII. PROPOSED SCHEDULE

Time Schedule

Qualifications due to the District	May 29, 2020
Approval of firm by Board of Directors	June 3, 2020

Audit Time Schedule Guideline

Start interim field work	August/September 2020
Start final field work	November 2020
Presentation of issued financial statements to Board of Directors	January 2021

VIII. BOARD OF DIRECTOR APPROVAL

The Board of Directors expects to engage an audit firm for up to five years. However, the Board of Directors 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. El Paso Academy reserves the right to cancel any contract resulting from the 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 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 Directors does not desire or expect that to be the case and assumes that a long and satisfactory relationship will be the experience.

EVALUATION WORKSHEET

Attachment A

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 below-listed criteria 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 submit a proposal meeting of the requirements of the Request for Qualifications on or before 2:00 P. M., May 29, 2020. Late proposals will not be considered.
- B. Must be an independent auditor properly licensed for public practice.
- C. Must meet the independence standards of Government Auditing Standards, 1999 Revision, United States General Accounting Office (GAO).
- D. Must not have a record of substandard work to be verified via references submitted.

II. Technical Criteria

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 (**20 points**):
 - 1. Auditing experience in Texas Charter School entities (0-10 points)
 - 2. Auditing experience in Texas public schools (0-10 points)
- B. Characteristics of the staff, including consultants, to be assigned to the audit (**35 points**):
 - 1. Size and structure of the firm, including audit staff positions (0-5 points)
 - 2. Qualifications of supervisory personnel, consultants, and the field audit team (0-20 points)
 - Education, including continuing education courses taken during the past two 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 points)

4. Firm level of participation in and communication with such organizations as the Texas Education Agency, Texas Association of School Business Officials, and TCSA (0-15 points)

C. Clear understanding of the work to be performed (**15 points**):

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

III. Professional Fees (**15 points**)
Professional fees of the audit (0-15 points)

IV. Oral Interviews (**15 points**)
(If Necessary) Interview (0-15 points)

MAXIMUM TOTAL POINTS 100 points

CONFLICT OF INTEREST DISCLOSURE

INSTRUCTIONS:

NO CONFLICT – Line 1 – Company name, Line 4 – Sign and date

CONFLICT – Line 1 – Company name, Lines 2 & 3 – answer questions, Line 4 – Sign and date.

CONFLICT OF INTEREST QUESTIONNAIRE	FORM CIQ
For vendor or other person doing business with local governmental entity	
<p>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.002(1-a) with a local governmental entity and the vendor meets requirements under Section 176.0006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	<p><u>OFFICE USE ONLY</u></p> <p>Date Received</p>
<p>1 Name of vendor who has a business relationship with local governmental entity.</p>	
<p>2 <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire.</p> <p>(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)</p>	
<p>3 Name of local government officer about whom the information in this section is being disclosed.</p> <p align="center">_____</p> <p align="center">Name of Officer</p> <p>This section (item 3 including subparts A, B, C, & D) must be completed for each officer with whom the vendor has an employment or other business relationship as defined by Section 176.0001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.</p> <p>a. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>b. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?</p> <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>c. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more?</p> <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>d. Describe each employment or business and family relationship with the local government officer named in this section.</p>	
<p>4</p> <p>Signature of vendor doing business with the governmental entity _____ Date _____</p>	
<p>Company Name _____ RFQ#202005 Request for Qualifications</p>	