

# Request for Proposal:

*Project Name or Description:* **PROFESSIONAL ANNUAL AUDITING SERVICES**

*Company Name:* Freedom Preparatory Academy Charter Schools

*Address:* 136 Webster Ave

*City, State, Zip Code:* Memphis, TN 38126

*Procurement Contact Person:* Daniele Coplin

*Telephone Number of PCP:* 518-269-6790

*Email Address of PCP:* [daniele.coplin@freedomprep.org](mailto:daniele.coplin@freedomprep.org)

## **1. Background/Introduction**

Freedom Preparatory Academy Charter Schools, or FPA, serves over 2,300 students across five campuses in the Westwood and Whitehaven neighborhoods of Southwest Memphis, Tennessee. FPA has an annual operating budget of approximately \$35M with approximately 250 staff. Founded in 2009, FPA has grown from a single class of 150 sixth grade students to become the largest and most successful (per metrics from the Tennessee Department of Education) charter management organization in Shelby County. FPA's student growth index scores according to the TVAAS growth index rival that of our more affluent and less diverse neighboring districts in Germantown, Collierville, Lakeland, and Arlington. Today, FPA employs over 260 employees to serve our mission of supporting students to excel in college and in life. FPA plans to expand to the Montgomery, AL area by the 2022-23 school year, as the next phase of its expansion.

Tennessee Code Annotated, Section 49-13-127, requires an annual audit of all books and records, including internal school activity and cafeteria funds of charter schools. The Comptroller of the Treasury, through the Department of Audit, is responsible for ensuring that such audits are performed. As provided by statute, charter schools may contract with an independent public accountant of their choice to perform the audit, subject to approval by this office.

## 2. Project Goals and Scope of Services

### Audit Goals

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal years 2023 and 2024, with one optional renewal term. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 and the *Tennessee Internal School Uniform Accounting Policy Manual* for the District. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the *Tennessee Internal School Uniform Accounting Policy Manual*.

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 position 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 general purpose 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.

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 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 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.

### Scope of Services

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.

1. The accounting firm should provide an annual audit report in a form acceptable to the Comptroller of the Treasury and within the time frame stipulated in Tennessee Code Annotated, Section 49-13-127 of 180 days subsequent to the close of the fiscal year for which the audit was made.
2. The Finance Committee would expect to meet with the auditor(s) at least annually. The meeting would be called by the chairman of the Finance Committee.
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 Chief Financial Officer and Controller 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 Comptroller of the Treasury and Memphis Shelby County Schools.
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 Comptroller of the Treasury, Memphis Shelby County Schools, or other applicable governmental agencies; they are not otherwise considered to be records open to the general public.
7. The independent auditor will provide the written audit report that meets the requirements of the *Tennessee Internal School Uniform Accounting Policy Manual*, separately issued Single Audit Report if needed, including the Schedule of Expenditures of Federal Awards and SF-SAC Data Collection Form.
8. Satisfactory delivery of the services specified by the Request for Proposals and the engagement letter shall be accomplished no later than October 31st of each year.
9. The independent auditor will be required to present the audit report to the Finance Committee by mid-November, prior to the Comptroller of the Treasury submission date of December 31<sup>st</sup> each year.

The contract for audit services based upon Board of Trustees approval of the proposal will be for the fiscal year ending June 30, 2023 and 2024, with one optional renewal term(s).

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.

### **3. Anticipated Selection Schedule**

- April 17, 2023 (Monday): RFP released
- May 5, 2023 (Friday): Proposals due
- May 12, 15, 16 (Friday, Monday, Tuesday): Finance Committee interviews firms
- May 17, 2023: Audit firm selected

### **4. Time and Place of Submission of Proposals**

Please submit all proposals to Daniele Coplin at [daniele.coplin@freedomprep.org](mailto:daniele.coplin@freedomprep.org) by 6:00pm central standard time on May 5, 2023.

### **5. Elements of Proposal**

- Cover Letter

See conditions for submission of proposal in Section 6.

- 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.
4. 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.

- 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. State whether the interested accounting firm is a national, regional or local public accounting firm;
2. 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;
3. 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;
4. 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;
5. Describe the proposed audit team, in terms of job positions in the firm;
6. 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;
7. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
8. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
9. Describe staff rotation plans for audit team members if this is to be a multiyear contract;
10. Describe the level of assistance that will be expected from District personnel;

- 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.

- Evaluation

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

## 6. Conditions for Submission of Proposal

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

1. 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;
2. Qualifications must meet each of the audit requirements as stated in this Request for Qualifications;
3. 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;
4. The District reserves the right to select any proposal, considering the quoted estimated fee and other factors;
5. The interested accounting firm shall furnish such additional information that the District may reasonably require;
6. The District will not be liable for any cost incurred in the preparation of qualifications; and
7. The District may ask interested accounting firms to send a representative for an oral interview prior to Board of Trustee approval of a proposal. The District will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
8. 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, Charter School 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.
9. 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."
10. 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.
11. 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).

12. 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.

## 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:

- 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 all of the requirements of the Request for Qualifications on or before 6:00pm, May 5, 2023. 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.

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

2. and types of experience
  - iii. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15 points)
  - iv. 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:
  - i. Comprehensiveness of the audit work plan (0-5 points)
  - ii. 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)

- Professional Fees

Professional fees of the audit (0-25 points)

- Oral Interview

Interview (0-15 points)