

Pellston Public Schools
172 N Park Street
Pellston, MI 49769

Request for Proposal
Audit Services
For the Years Ending June 30, 2023 & 2024

March 14, 2023

GENERAL CONDITIONS

Pellston Public School District is soliciting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2023, and 2024. The district reserves the right to extend the minimum two-year contract an additional two years based on satisfactory performance of audit services.

The following Request for Proposal (RFP) is being provided to you for your consideration. To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in this RFP. Please indicate your intent to submit a proposal by completing the attached Notification of Interest (page 9) and returning it to the email address listed below by April 1, 2023.

Jared Anderson
Finance Director
Pellston Public Schools
172 N Park Street
Pellston, MI 49769
(231) 539-8421 x 40042
janderson@pellstonschools.org

Previous year audits will be available for inspection at this time.

Completed proposals must be received at the address noted above by 2:00 PM Thursday, April 20, 2023. Proposals should be submitted in a sealed envelope that is clearly marked "AUDIT PROPOSAL" or emailed with "AUDIT PROPOSAL" in the subject line. All proposals will be opened at the specified time and will be read aloud. The public is welcome to attend this bid opening.

Although cost will be an important factor in awarding the contract, the school district is not obligated by any statute or regulation to award the purchase of audit services solely on the basis of cost. Accordingly, the school district reserves the right to evaluate all proposals objectively and subjectively and to accept or reject any or all proposals or portion thereof. Additionally, the district reserves the right to negotiate changes in services with the firm determined to have submitted the proposal that is in the best interest of the district. (See *Method of Evaluating Proposals* on page 8.)

It is to be understood that this RFP constitutes specifications only for the purpose of receiving proposals for services and does not constitute an agreement for those services. It is further expected that each bidder will read these specifications with care. Failure to provide requested information or meet certain specified conditions may invalidate the proposal(s). Any firm wishing to bid on this audit must complete the enclosed audit questionnaire and provide a copy of a recently completed school district audit.

The information contained herein is believed to be accurate, but is not to be considered in any way as a warranty.

All questions, correspondence or visitation requests should be directed to Jared Anderson at the contact information above. In order to assure consistency of information provided regarding this RFP, contact with Pellston Public school personnel other than Stephen Seelye, Superintendent, or Jared Anderson, is discouraged and may be grounds for elimination from the selection process.

WITHDRAWAL OF PROPOSALS:

Proposals shall remain valid for a period of 90 days after submission. Modifications to proposals will not be accepted by the district, except as may be mutually agreed upon following the acceptance of the proposal.

TIME TABLE:

1. Release of RFP on or about March 16, 2023
2. Firms return Notice of Interest on or before April 1, 2023.
3. Proposals due at 2 pm on Thursday, April 20, 2023
4. Sealed Proposals will be opened at 2pm on Thursday, April 20, 2023.
5. Board of Education action on May 10, 2023.
6. Notification to all firms as soon as possible after April 20, 2023.
7. Preliminary audit work for FYE 2023 to be conducted during June 2023 and at a mutually agreeable time for subsequent year audits.
8. Audit for FYE 2023 to be conducted during July or August 2023 and at a mutually agreeable time for subsequent year audits.
9. Financial Statements completed for distribution in September following each fiscal year end.
10. Presentation of Financial Statements to the Board of Education during October of each year.
11. If applicable, the selected firm will file the audited financials by November 1st of each year.
- 12.

FIRM/AUDITOR QUALIFICATIONS:

- The firm must maintain a sufficient number of professional staff in order to provide adequate technical expertise and depth.
- The firm and the partner assigned to the district must have considerable experience in auditing K-12 public school districts within the State of Michigan.
- The auditor is expected to be familiar with the types of policies and procedures school districts follow.
- The auditor will provide a profile of the professional responsible for the overall management of the audit. The auditor must be fully informed regarding generally accepted accounting principles and auditing procedures including those in the development stages and those identified below under Audit Information - Accounting Basis.
- The firm shall identify the audit manager, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the audit manager, field supervisor(s) and partner in charge of the engagement should be included with the proposal.
- Assurance must be given that during the course of the life of the two-year contract there will be some continuity in the assignment of audit staff. It is to the mutual interest of the district and the audit firm that there not be dramatic changes in audit staff every year.
- The firm's professional staff must be trained specifically in auditing and accounting for school districts.
- The firm must be actively involved in school financial organizations on a county and state level.
- All assistants must be properly trained and supervised and that the work be adequately planned.

- The firm must have an excellent reputation for service in school district auditing.
- A minimum of \$1,000,000 Errors and Omissions Insurance. (The successful firm will be required to provide the district with a certificate of insurance to verify this coverage.)

AUDIT INFORMATION:

1. *Accounting Basis* –

- Bulletin 1022 (Revised)
- Public Act 621 of 1978 (Uniform Budgeting)
- GAAFR statements and restatements
- Governmental Accounting Standards Board – Pronouncements and Interpretations
- U.S. General Accounting Office – Government Accounting Standards, as amended (Yellow Book)
- Single Audit Act of 1984, as amended
- Compliance Federal Grant Programs – OMB Circular A128 of 1984, as amended, Section V of Michigan School Accounting Manual
- GASB Exposure Letters
- Bulletins
- Michigan School Audit Manual as issued by the Michigan Department of Education
- Any other required Federal, State, cognizant agency, and/or professional standards applicable to this engagement including AICPA.

2. *Audit Timeline* –

- Audit to commence in July 2023, and 2024 at such time as mutually agreed upon but not later than August 31st of each year.
- Audit to be complete by September 30th of each year.
- Audit documents to be delivered to the district by October 1st of each year in order to meet audit deadlines set by the Michigan Department of Education.
- Audit to be presented to the Board of Education in October of each year.

AUDIT REQUIREMENTS:

1. Scope –

Provide the Comprehensive Annual Financial Report and the report on Compliance for Federal Grant Programs for the period ended June 30, 2023 and 2024. Funds to be audited, estimated volume and estimated fund balance are as follows:

Fund	Description	7/1/(Year) Fund Balance (Unreserved)	Projected (Yr.-Yr.) Revenues	Projected (Yr.-Yr.) Expenditures
General Fund	Operational Purposes	\$1,680,242	\$8,455,558	\$8,115,792
School Service Fund	Food Service	\$168,706	\$786,986	\$788,587
Capital Project Fund	Construction project, Durant project	\$0	\$688,138	\$288,760
Debt Retirement Fund	Debt Retirement Funds	\$164,360	\$0	\$0
Activity Fund	Internal Accounts (Fiduciary Type)	\$127,699	\$211,640	\$200,000

In addition, the district maintains the following account groups:

Account Group	Description	Value
General Fixed Asset	Land, buildings, equipment, furnishings and vehicles	\$4,013,056
General Long-Term Debt	Durant Bonds, Debt Bonds, Compensated Absences	\$232,425

2. GASB Changes –

Assistance in helping the district to understand and implement changes resulting from pronouncements and/or changes made by the Governmental Accounting Standards Board will be required.

3. Financial Statements –

Upon completion of the field audit work and final adjustments to the general ledger, the district will prepare the comprehensive financial statements for the auditor to review and express their opinion.

4. Reporting –

The auditors will report the following information to the Superintendent of Schools and the Pellston Public Schools Board of Education:

- Internal accounting control based solely on a study and evaluation made as part of the audit of the general-purpose financial statements.
- Compliance with laws and regulations that may have a material effect on the financial statements.
- Supplementary schedule of our federal financial assistance program.
- Accounting and administrative internal controls used in administering federal financial assistance programs.
- Compliance with laws and regulations applicable to federal financial assistance programs identifying all findings of noncompliance and questioned costs.

5. State Aid –

The auditor is expected to conduct a 100% state aid audit/reconciliation for the state foundation allowance, including all sections of the State Aid, which comprise the State Foundation Allowance. Reliance can be given to the pupil accounting audit results issued by the Intermediate School District.

6. Taxes –

The auditor is expected to conduct a 100% tax audit/reconciliation, including all “off-the-roll specific taxes” such as Industrial and Commercial Facilities Taxes. Pellston Public Schools receives taxes from both Emmet and Cheboygan Counties.

The district levies taxes on the winter and summer roll. The 2022 tax levy included 18 mills for operational purposes (non-homestead property only) and 1.9479 mills Sinking Fund.

7. Other Requirements –

- Personal presentation of the final report to the Board of Education by an audit manager or partner of the firm.
- Assistance in correcting errors and procedural shortcomings identified during the audit.

8. Audit plan –

The auditor will be required to use a comprehensive audit plan and, to the extent permissible, must be willing to review this plan with the district. The plan should cover the study and evaluation of the internal controls and the test of records to the extent necessary by the degree of such reliance. It is assumed that many of the tests will be conducted by a sampling of the records maintained in the files. It is understood that the auditor is responsible for the auditing procedures that in his or her professional judgment must consider the materiality of the audit area, the relation to specific standards and the relation to expressing an opinion on the statements as a whole. District officers should be consulted when such judgments result in a disproportionate amount of effort being expended on a particular subject.

9. *Communication* –

The auditor will maintain regular contacts and meetings with the district administrators and other personnel including but not limited to:

- Engagement planning meeting
- Progress reports
- Work with the District to prepare the Management Discussion section of the audit
- Closing review meeting
- Changes that would affect the reporting requirements of the school district
- Sharing of innovative methods and procedures that may warrant district investigation and/or consideration
- Newsletters or other method of regular communications containing information with specific benefit to school districts

10. *Numbers of Copies of Auditor's Reports* –

The auditor shall furnish the school district with (10) copies of the Comprehensive Annual Financial Report and (10) copies of the Single Audit Report. Along with the paper copies, an electronic copy of the audited financials are required. In addition, the auditor shall furnish and send the requested number of copies for submission to each federal, state (and county) agency as may be required.

11. *Additional Data* –

Currently Pellston Public Schools has no Debt Fund, however the district is contemplating a bond issue to be brought to the voters in the near future.

The District provides Pre-School, GSRP and CTE programs to its students. The District also provides Food Services to Alanson Public School in addition to its own. The district operates a small school store.

DISTRICT INFORMATION:

1. *Enrollment.*

Pellston Public Schools is a Pre K-12 school district located in Pellston, MI. The district provides general and special education services to all school district students within its service area as well as those enrolling under Section 105 of the State Aid Act, Schools of Choice.

The district contracts with various agencies for educational and pupil support services including Char-Em ESD, COP ESD, Alanson Public Schools, and Emmet County Health Department. In addition, the district is currently contracting with Axium for management of the Custodial Services, HPS, MiDeal and REMC Purchasing Consortiums.

The district owns and operates the following schools:

School	Location	Programs	Enrollment
Pellston Elementary School	1114 Zipf St, Pellston	Pre-K, GSRP	20
Pellston Elementary School	1114 Zipf St, Pellston	K-6	238
Pellston Middle/High School	172 N Park, Pellston	7-12	200
TOTAL ENROLLMENT			458

Enrollment in the district can be described as steady.

2. *Funding*

The foundation grant for the district is at \$9,150 per pupil for the 2022-2023 school year. The district receives approximately \$1,235,000 in grant funds each year, which is primarily composed of Title, ESSER, Federal Flow-through, and At Risk funds.

3 *Staffing*

The district employs approximately 85 people; 36 certified teachers, 8 administrators/directors, and hourly staff including secretaries, maintenance personnel, instructional assistants, aides, bus drivers and food service workers.

The following list represents key personnel involved in the financial operations of the district and their length of experience:

Name	Position	Length of Service with the district	Total Experience in Current Position
Stephen Seelye	Superintendent	5 years	7 years
Jared Anderson	Finance Director	2 years	2 years
James Milbrandt	Board President	20 years	20 years

4. *Accounting Software.*

Pellston Public Schools utilizes software provided by Linq, School Finance for general ledger, accounts payable, accounts receivable, payroll and personnel functions. The district utilizes Powerschool, MSDS for student services/pupil accounting purposes.

5. Business Office Hours.

Pellston Public Schools Business Office is open from 8:00 am to 4:00 pm Monday thru Friday, during the school year and flexible hours from the end of school in June to the beginning of school in August.

METHOD OF EVALUATING PROPOSALS

Proposals will be evaluated with a strict emphasis on quality. The federal government has the authority to review the audit report and audit work papers to ascertain the quality of the audit. In response to a deficient audit, the cognizant agent or its designee of the federal government can disallow the cost of the audit as an allowable cost of a federal grant, such as Title I. Furthermore, the citizens of Pellston Public Schools expect quality stewardship of all available resources. As such, the primary emphasis of procuring audit services will be the quality of technical factors of the audit firm. Attributes that will be analyzed include, but are not limited to:

- Number of governmental entities audited by the office of the proposing CPA firm
- Firm governmental resources available
- Involvement in school related organizations
- Training of personnel in government and federal grant auditing
- Quality of staff included in assignment
- Reference responses
- Maintenance of a secondary partner on the engagement
- Internal quality control procedures and external quality control reviews

After the technical qualities have been evaluated, cost and other considerations will be evaluated. Once all factors have been evaluated, the audit firm that is most qualified and reasonable in cost will be selected for recommendation to the Board of Education.

NOTIFICATION OF INTEREST:
RETURN BY APRIL 1, 2023

Date: _____

Dear Jared Anderson:

Our firm is interested in submitting a proposal to audit Pellston Public School's financial statements for the year ending June 30, 2023 and 2024. Our proposal will be for the services that you set forth in your Request for Proposal dated March 14, 2023.

If we desire to submit a proposal, we will do so in accordance with the timeline and manner specified in the RFP.

Sincerely,

Audit Firm Official

Audit Firm Name: _____

Contact Name: _____

Contact Address: _____

Contact Phone #: _____

Contact Email: _____

AUDIT PROPOSAL FORM

Please complete and return this proposal form with any additional information you feel is necessary to help us evaluate your firm. **Proposals are due by 2:00 pm on Thursday, April 20, 2023.**

Qualifications

1. Location of the office that will be performing the audit for Pellston Public Schools.

2. Number of Michigan school district audits that your firm conducted in each of the last three years for districts of an average size of 400-800 students. Please attach a list of school districts.

Year ending June 30, 2022 _____
Year ending June 30, 2023 _____

3. Number of other governmental (fund accounting) audits your firm has conducted in each of the last two years.

Last year _____
Prior year _____

4. Provide a list of your firm's involvement in school district type organizations.

5. Please list specific school district audit training supplied to your staff in the last two years.

6. Number of total audit staff. Do not include tax, consulting services or clerical personnel

Number of audit staff _____
Number of audit staff with CPA certification _____

7. Number of staff as defined in the question above who were directly involved in a significant portion of the audit of a school district in the last two years. _____

8. Of your staff assigned in school audits, how many years of experience have they had performing school audits (total and with your firm).

Staff with the highest number of years	School audits _____	With your firm _____
Next staff with the highest number of years	School audits _____	With your firm _____
Average number of years school audit staff	School audits _____	With your firm _____

9. What type of consultation do you provide to the school district on an annual and ongoing basis at no additional cost?

10. Provide a synopsis of other management consulting services available with the number of staff specifically assigned to each. List examples of studies you have done for various school districts.

11. Indicate other services that you provide to your clients.

12. Fees –Please indicate the components of the fee as follows:

	Base Audit cost	Single Audit Fee	Total Fee
For the year ending June 30, 2023	_____	_____	_____
For the year ending June 30, 2024	_____	_____	_____

Hourly rates for consulting services beyond the scope of the ordinary consultation services included in number 10 above.

Name of Firm: _____

Address: _____

Telephone: _____

(Please Type or Print) Name of Person in Charge of Audit
Title

Signature

Date