

ALBANY AREA SCHOOL  
INDEPENDENT SCHOOL DISTRICT NO. 745  
ALBANY, MINNESOTA

Request for Proposals  
for  
Annual Audit Services

Proposals Due By

2:00 p.m.

Friday, March 22, 2013

At

DISTRICT OFFICE  
ALBANY AREA SCHOOLS  
30 FOREST AVENUE  
PO BOX 40  
ALBANY, MN 56307

ALBANY AREA SCHOOL  
Independent School District No. 745  
Albany, Minnesota

REQUEST FOR PROPOSALS  
for  
Annual Auditor Services

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ALBANY AREA SCHOOL  
Independent School District No. 745  
Albany, Minnesota

REQUEST FOR PROPOSALS  
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Annual Auditor Services

I. INTRODUCTION

A. General Information

Albany Area Schools, Independent School District No. 745 (hereinafter referred to as the School District) is requesting proposals from qualified certified public accountant firms (hereinafter referred to as the firm) to audit its annual financial statements for the fiscal year ending June 30, 2013, with the option of auditing its financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

There is no express or implied obligation made by the School District to reimburse responding firms for any expense incurred in preparing proposals in response to this request. The School District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the School District and the firm.

Any inquiries concerning the request for proposals should be directed to Sue Clemen, Business Manager, Albany Area Schools, P.O.Box 40, Albany, MN 56307 or by phone at 320-845-2171 ext. 5075 or by e-mail at [sclemen@albany.k12.mn.us](mailto:sclemen@albany.k12.mn.us).

During the evaluation process, the School District reserves the right, where it may serve the best interest of the School District, to request additional information or clarification from submitting firms, or to allow corrections of errors or omissions. The School District reserves the right to reject any or all proposals submitted, and also reserves the right to use price, proposal content, qualifications, experience, fieldwork team proposed, etc., in determining which proposal best meets the needs of the School District. Selection shall not be made solely on price. At the discretion of the School District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

It is anticipated that the selection of the firm will be completed by April 10, 2013.

B. Term of Engagement

The annual engagement is subject to review and recommendation of the School District, the satisfactory negotiation of terms (including a price acceptable to both the School District and the selected firm), the concurrence of the School District, and the annual availability of funds. The School District makes no representations that it will enter into a Request for Proposals and maintains all options to select and contract with a firm to conduct the annual audit for the School District.

## II. NATURE OF SERVICES REQUIRED

### A. General

The School District is soliciting the services of qualified certified public accountant firms to audit its financial statement for the fiscal year ending June 30, 2013, with the option to audit the School District's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposal.

### B. Scope of Work to be Performed

The School District requests the auditor to express opinions on the fair presentation of its government-wide activities, each major fund, and the remaining aggregate fund information for the fiscal year ending June 30, 2013, with the option of auditing its financial statements for each of the two subsequent fiscal years in conformity with U.S. generally accepted accounting principles.

The School District requests the auditor to express an opinion on the fair presentation of its combined financial statements and schedules in conformity with U.S. generally accepted accounting principles. Capital Asset testing will be included in the audit.

The auditor will also perform a Single Audit Compliance Audit, if necessary, and report on the Schedule of Federal Expenditures and on the School District's compliance with laws and regulations and its internal controls as required by the Single Audit Act and OMB Circular A-133.

The School District also requires a State Legal Compliance Audit conducted in accordance with the provisions of the Minnesota Legal Compliance Audit Guide.

The auditor will also perform an audit of the Statement of Changes of the Student Activity Accounts of the School District, which are not under board control.

### C. Timeline and Time Requirements

The School District intends to meet all required reporting timelines and the firm should anticipate that the School District will hold the firm responsible for meeting its requirements within the required timelines.

Beyond the required timelines, the School District proposes the following tentative schedule for completion of the 2012-13 audit:

- August 31 – Unaudited close of books by School District
- October 15 – Completion of field work by auditors by October 15
- November 13 – Auditors to present audit report to School Board at the regular meeting in November. The current schedule for regular meetings is the second Wednesday of each month
- December 31 – Auditors complete submission of UFARS Compliance Table and provide submission form that accompanies the audit report to the Federal Single Audit Clearinghouse. (If not completed by November 30)

The above timeline is for discussion and planning purposes only. A final timeline will be established with the firm selected to conduct the audit. The "spirit" of the timeline is not, however, negotiable, in that School District administration and the School Board are seeking final financial information and reports as

quickly as possible following the completion of the fieldwork period. The firm should plan to provide for completion of the fieldwork in one consecutive block of time over the course of one week.

#### D. Assistance to be Provided to the Auditor and Report Preparation

The School District's business office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

The School District's business office staff will prepare work papers and schedules for the auditors prior to and during final fieldwork. Specifically, the School District anticipates completing work papers on cash, accounts payable, accounts receivable, pre-paid items, salaries and benefits payable, vacation, severance and sick leave. Withholdings will be reconciled to the general ledger at June 30<sup>th</sup> and a summary of legal fees will be prepared. The School District will provide financial, revenue and expenditure reports, as required.

The School District will provide the auditor with reasonable workspace and access to telephone, copier, and fax equipment.

#### E. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with U.S. generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In addition, to meet the requirements of this request for proposal, the audit shall include schedules for purposes of additional analysis required by the U.S. Office of Management Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; conduct the audit in compliance with the *Minnesota Legal Compliance Guide for Local Government*; and include auditor completion of the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table as required by the Minnesota Department of Education.

#### F. Reports to be Issued

All reports required as part of the auditing standards being followed and as part of the audit scope shall be considered part of the audit fee.

#### G. Reporting to the School Board

Auditors shall make specific comments and recommendations with regard to the following:

- The auditor's responsibility under generally accepted auditing standards.
- Significant accounting policies.
- Conformity with procedures prescribed in statute.
- Conformity with accepted UFARS accounting requirements.
- Defects in the accounting plan or financial procedures that make proper accounting and auditing difficult.
- Failure on the part of the School District to make financial reports as required or needed for administrative purposes.
- Actions to effect improvements in problem areas noted in the audit. Information on underlying causes of problems reported should be included to assist the School District in implementing and devising corrective actions.

- Identify and explain issues or questions needing further study and consideration by the auditors and/or others.
- GASB 34 presentation.

The audit reports shall be addressed to the Board of Education of Independent School District No. 745, and shall:

- Be as concise as possible, but at the same time be clear and complete enough to be understood by the users.
- Present factual matter accurately, completely and fairly.
- Present findings and conclusions objectively and in language that is as clear and simple as the subject matter permits.

The firm shall provide the School District with at least 10 bound copies and one electronic copy of the completed audit report, student activity audit, and management letter.

#### H. Services After the Audit is Complete

The firm shall be readily available to provide occasional and casual advisory services during the fiscal year as part of the quoted fee. If such advisory services were to require significant research or visits to the School District for consultation, the firm may charge for such extended services at a predetermined hourly rate, which shall be part of the firm's original proposal, plus the actual expenses incurred. The firm shall be responsible for notifying the School District, in advance, when there is an anticipation of charges for time outside the quoted fee, so that the School District can make approval for the anticipated billable time.

#### I. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five years, unless the firm is notified in writing by the School District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or designees:

- \* Independent School District No. 745
- \* U.S. General Accounting Office (GAO)
- \* Parties designated by the Federal or State government or by the School District as part of an audit quality review process.
- \* Auditor of entities of which the School District is a sub-recipient of grant funds.
- \* Auditors of entities of which the School District is a component unit.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing account significance.

### III. DESCRIPTION OF THE SCHOOL DISTRICT

#### A. School District Contact Information

The auditor's principal contact with the School District will be Sue Clemen, Business Manager, or a designated representative who will coordinate the assistance to be provided by the School District to the auditor. The superintendent can be reached at 320-845-2171 ext. 5075.

#### B. Background Information

The School District's fiscal year begins on July 1 and ends on June 30.

The School District's annual operating budget for the 2012-13 fiscal period is anticipated to exceed \$16,000,000 in revenue and \$16,000,000 in expenditures. Non-operating funds include: debt redemption and trust.

The School District anticipates a 2012-13 student enrollment of approximately 1,683 pupil units, served at two elementary school buildings and one secondary school building.

The School District issued 432 W-2s for calendar year 2012. There are approximately 129 certified staff.

The School District is a member of WCED (West Central Education District) serving the School District's special education student needs.

#### C. Budgetary Basis of Accounting

The School District prepares its budget on a basis consistent with U.S. generally accepted accounting principles.

#### D. Pension Plans

The School District participates in the following pension plans:

- Minnesota Teacher Retirement Association
- Minnesota Public Employee Retirement Association
- 403B Program with a varying match

#### E. Information Systems

The School District has used SmartFinance and Smart HR software since 2004.

#### IV. AUDITING SERVICES PROPOSAL

To be considered for selection, each firm shall make the following submissions as part of their proposal:

1. Contact Information – Provide the firm name, firm address, contact name, and contact phone, cell and fax numbers. Use the enclosed “Response Form” to transmit this information.
2. Statement of Assurances – A signature will be required on the “Response Form” indicating that a qualified representative of the firm has read, understands, and agrees to comply with the information, requests and timelines contained in this proposal.
3. Fees - Propose annual fees covering charges for fiscal years 2012-13 and 2013-14 audits. The fees quoted shall include charges for professional services, as well as charges for travel, duplication costs, and any other miscellaneous charges. Each firm should identify any additional charges for services not covered by the quoted fee, if applicable, such as charges for the completion of the UFARS compliance table, completion of the form that accompanies the audit report to the Federal Single Audit Clearinghouse, etc. Use the enclosed “Response Form” to transmit this information. Firm Qualifications – Using a format of your choosing, please provide information that includes, at a minimum, the following information about your firm:
  - a. Number of years of experience in auditing public school districts in Minnesota.
  - b. Number of Minnesota school districts that your firm audits, including separate information on the number of Minnesota school districts that are audited out of the office of the firm submitting the proposal, if the firm operates more than one office.
  - c. Number of Certified Public Accountants (CPAs) in the firm and the name(s) of the CPAs that will be assigned to perform the audit for this School District. Include information on the number of years of experience each CPA has in auditing Minnesota public school districts and information on the percent of annual time the CPA dedicates to school district audits, other governmental audits, and break-out of other duties (corporate tax, individual income tax, management consultation and planning, estates and trusts, etc.).
  - d. List, by count and position, the number of staff anticipated to be assigned to this audit.
  - e. List of references, including contact information, of public school districts in Minnesota that your firm audits.
  - f. Submit a copy of the report from the firm’s most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
4. Process – Include information on the “normal” flow of the audit, including pre-fieldwork, during fieldwork, and post-fieldwork assignments and processes.
5. Sample Materials – Include, among other materials of the firm’s choosing, a sample audit report, a sample student activity account audit report, a sample management letter, and a sample of the proposed contract to be used for auditing services.



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**RESPONSE FORM – Page 1**

Proposals Due: March 22, 2013, 2:00 p.m. CST, in a sealed envelope labeled “Audit Services Proposal” in the lower left-hand corner of the envelope, at the District Office of Independent School District No. 745, located at 30 Forest Ave., P.O. Box 40, Albany, MN 56307, 320-845-2171.

Proposal Submitted By:

Firm Name \_\_\_\_\_  
Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Representative Name \_\_\_\_\_  
Phone \_\_\_\_\_  
Cell \_\_\_\_\_  
Fax \_\_\_\_\_

Statement of Assurance:

In submitting this proposal, I hereby indicate that I have read, understand, and agree to comply with the information, requests and timelines contained in the School District’s Request for Proposal for Annual Audit Services. I further agree that I will perform the 2012-13 annual audit for the quoted fee(s) outlined on page 2 of the Response Form.

Signed \_\_\_\_\_ Date \_\_\_\_\_

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**RESPONSE FORM – Page 2**

**Quote for 2012-13 Audit**

Quote for 2012-13 financial audit for ISD 745 \$ \_\_\_\_\_ \*

Additional charges to complete the audit:

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total Fee Quote \$ \_\_\_\_\_

Hourly rate for additional services for 2012-13 \$ \_\_\_\_\_

**Quote for 2013-14 Audit**

Quote for 2013-14 financial audit for ISD 745 \$ \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

For \_\_\_\_\_