



REQUEST FOR PROPOSAL

AUDIT SERVICES
for
WILMETTE PUBLIC SCHOOLS, DISTRICT 39

November 21, 2019

Proposals Due on Tuesday, December 17, 2019 at 12:00 PM

REQUEST FOR PROPOSAL
AUDITING SERVICES
For
WILMETTE PUBLIC SCHOOL DISTRICT 39

INTRODUCTION

Wilmette Public School District 39 invites independent Certified Public Accounting firms licensed in the State of Illinois to submit proposals for auditing services for the three years ending June 30, 2020, 2021, and 2022. The proposal is due at 615 Locust Road, Wilmette, Illinois 60091, to the attention of Ellen Crispino, Business Manager/CSBO, before noon on December 17, 2019. The proposal shall be in accordance with the following requirements and specifications.

GENERAL INFORMATION

Wilmette Public School District 39 (“District”) is a K-8 public school district consisting of 6 schools (4 Elementary, 1 Middle School, 1 Junior High, 1 Administration Facility). District 39 is located in Cook County. The district serves the majority of Wilmette and the eastern portion of Glenview. The current enrollment is approximately 3,500 students, and the District employs approximately 570 certified and non-certified personnel. The annual operating expenditures budget for 2019-20 is \$62 million, excluding On Behalf Expenditures and Other Uses of Funds.

REQUEST FOR PROPOSAL SCHEDULE

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| • Mail Request For Proposal (RFP) | November 21, 2019 |
| • Deadline for submission of Proposal | December 17, 2019 - noon |
| • Review of Proposals | December 18 - 20, 2019 |
| • Interviews | January 7 - 8, 2020 (Tentative) |
| • Contract Discussion & Award | January 27, 2020 Board of Education Meeting |

SCOPE OF AUDIT

Audit of the General Purpose Financial Statements as of and for the years ended June 30, 2020, 2021, and 2022, and schedules included in the District’s Comprehensive Annual Financial Report. The financial statements will be presented in accordance with the financial reporting model described by the most current GASB Statements.

The annual audit shall consist of an examination of the individual and combined financial statements conducted in accordance with generally accepted auditing standards and *Government*

Audit Standards, issued by the Comptroller General of the United States. The audit shall include a review of the system of internal accounting control of the District to ensure that there is effective control over revenues, expenditures, assets and liabilities, and a proper accounting of resources, liabilities, and accounting operations.

The audit shall also consist of tests of compliance with requirements of the applicable state and federal laws and regulations of material effect on the financial statements.

The examination shall be sufficient in scope so as to render an opinion on the fairness of the representations contained in the individual and combined balance sheets and related statements of revenues and expenditures, and changes in fund equity for the year then ended in accordance with generally accepted accounting principles for state and local governments.

In addition, the District requires an In Relation To Opinion of its Illinois Annual Financial Report and General Purpose Financial Statements.

The auditor shall assist the District in preparing the Illinois Annual Financial Report Form, Financial Statements and schedules including the Comprehensive Annual Financial Report with its exhibits and supplementary schedules.

Audit staff of the proposing firm must perform all audit work. No audit work is to be performed by subcontractors.

SERVICES REQUIRED

The audit is to include an examination of the financial statements of all funds of the District and the examination shall be made in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Accountants. The auditor shall also perform tests of the compliance with the Uniform Grant Guidance as required by the Office of Management of the Budget, and render a separate opinion of the financial statements and tests of compliance in accordance with Uniform Grant Guidance.

In addition, the audit will include an examination of the Co-op: Wilmette Community Special Education Agreement. This entity has a very limited number of transactions now that the two member districts receive the IDEA funds directly from ISBE. The annual operating expenditures budget for 2019-20 is approximately \$192,000, most of which is an entry recording salary for the director. A separate AFR is required for this entity. Please quote a separate fee for this entity.

A meeting will be held each year during the first week of May at the District 39 administration office with the following personnel to review any changes in reporting requirements and the preliminary audit schedule:

District 39 Personnel
Business Manager/CSBO
Controller

Audit Firm
Partner in Charge
Senior Auditor

The customary independent auditor's report expressing an opinion of the financial statements shall meet requirements of the *American Institute of Certified Public Accountants* and the *Illinois Program Accounting Manual for Local Education Agencies of the Illinois State Board of Education*.

A balance sheet shall be included in the audit report for all funds in use and required by the Illinois State Board of Education. Statements of revenues and expenditures will also be included for all funds. These statements will be comparative with operating budgets. They will be prepared to conform to the *Illinois Program Accounting Manual for Local Education Agencies of the Illinois State Board of Education*. Any notes to financial statements considered necessary will be included.

A Management Letter will be required to accompany the audit for which the purpose is to make known recommendations of the auditor, and, if implemented, would in the auditor's opinion increase efficiency, improve internal accounting control and assist in effective accounting procedures.

A draft of the audit reports listed below will be provided no later than the 25th of September, prior to final preparation, following the Audit Field Work:

- a. Annual Financial Report, the General Purpose Financial Statements and the ISBE Form SD50-35/LA50-60
- b. Annual Federal Financial Compliance Report (Single Audit) consistent with prior year's report
- c. Data Collection Form (SF-SAC)
- d. Other reports as agreed upon including, but not limited to, the Illinois State Board of Education and any other regulatory agencies under the Single Audit Act.
- e. Management Letter and SAS 114 Letter, Communication to those Charged with Governance

All audit work and final reports shall be completed in time to meet an October 15 deadline for submission of the Annual Financial Report to the Illinois State Board of Education unless by mutual agreement a later date is determined. Delays that are no fault of the District may result in penalty fees (not to exceed 10% of audit fee) to be withheld from the final payment.

The auditor, in conjunction with the Business Office, shall prepare and publish twenty (20) copies of the Comprehensive Annual Financial Report in a format similar to the prior year's financial report including statistical schedules, cover and tabs. This report shall be in compliance with the recommendations of the ASBO Certificate of Excellence in Financial Reporting and GFOA Certificate of Achievement for Excellence in Financial Reporting Program.

The auditor shall prepare ten (10) copies of the Single Audit Report and State Annual Financial Report.

In addition, all reports will be provided electronically to the District.

The auditor will be expected to meet with District personnel prior to commencement of the Audit and at the conclusion of fieldwork. The auditor will also be expected to attend a regularly scheduled public meeting of the Board of Education for presentation of the Financial Report as well as any audit findings.

The auditor shall keep the district apprised of any and all changes in accounting and reporting requirements.

The auditor shall, from time to time, serve as a district resource for accounting policies and procedures including, but not limited to, recording, reporting, and the establishment of business practices or internal controls at no additional charge.

Audit work papers shall remain in the custody of the auditor; however, the Business Manager/CSBO and succeeding independent auditors shall be given access to audit work papers and shall have the right to copy such work papers pertaining to audits for the fiscal years 2020, 2021 and 2022 for a period of up to five (5) years after the audit has been completed.

QUALIFICATIONS

Proposals will be accepted from CPA firms with demonstrated experience and competency in school district auditing and must be familiar with the reporting requirements as specified in the Governmental Accounting Standards Board Statements. The minimum qualifications for firms submitting proposals are:

1. The audit shall be conducted under the supervision of a licensed Certified Public Accountant experienced and knowledgeable in Illinois school district auditing. The senior field auditor must have three to five years of actual experience in supervising a school district audit. Senior field auditor must be on-site during audit.
2. The firm must demonstrate efforts to keep its staff current in the industry and in governmental organizations.
3. The auditor does not have a record of substandard work. The proposal must disclose any enforcement action to which the firm has been subject during the past three years or which is in progress.
4. Experience in the ASBO Certificate of Excellence in Financial Reporting.
5. The firm must provide the names, titles, addresses, and phone numbers of as least five school district clients for whom the firm has performed audits within the last two years and are similar in scope and reporting as those required by District 39.
6. The firm must have serviced within the last three years at least three public school districts in Illinois.

AUDIT TIMING

Final fieldwork should begin no later than August 18 of each year. The General Purpose Financial Statements as well as the Illinois Annual Financial Report shall be presented to the District in draft format to be reviewed by September 25th. A representative of the firm must be available to present these reports to the Board of Education at the Board meeting in November of each year.

FEES

The proposal shall contain a maximum fee for each of the three fiscal years in accordance with the detailed description of services required. Please separate the fee per year between each of the entities, District 39 and Wilmette Community Special Education Agreement. Firms have the flexibility to propose whatever method of compensation that would be to the best mutual benefit of the District and the firm. An equitable adjustment in the proposed fee shall be negotiated if the cost of the time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the District or provisions to the effect that in the event disclosures in the audit indicate extraordinary circumstances which warrant more intensive and detailed services, the firm shall provide all pertinent facts relative to the extraordinary circumstances together with the firm's estimate of the cost of additional services to the District.

SCHOOL DISTRICT'S ACCOUNTING SYSTEM AND FUNDS

The District's accounting system is computerized (Skyward) and is operated on a fund basis using the modified accrual basis of accounting. Full accrual calculations are done by District Staff and provided to the audit firm during fieldwork. All of the District's accounts are based on the Illinois State Board of Education's Program Accounting Manual.

ASSISTANCE AVAILABLE TO PROPOSERS

Klein Hall CPA's LLC, has been engaged to perform the District's annual audit in prior years. Effective November 1st, Klein Hall has merged with Wipfli LLP. The prior audit work papers will be available for inspection to the selected firm at Wipfli's LLC office in Aurora.

The Business Office shall close and balance all accounts at year-end. Copies of trial balances and assistance from the Business Office staff will be available to the selected firm.

EVALUATION OF PROPOSALS

The proposals will be reviewed by a selection committee headed by the Business Manager/CSBO and will be judged on the following criteria:

- 1) Understanding of the audit engagement
- 2) Acceptability of audit approach
- 3) Qualifications and experience of firm
- 4) Qualifications of assigned individuals
- 5) Ease of transition to audit firm
- 6) Guarantee of consistency within audit team
- 7) Experience in the ASBO Certificate of Excellence in Financial Reporting and GFOA Certificate of Achievement for Excellence in Financial Reporting Programs.
- 8) Experience and knowledge of GASB Statements
- 9) Audit schedule
- 10) Overall fees
- 11) Interview/Presentation of proposal to Selection Committee

Firms submitting proposals will be informed of the District's selection Tuesday, January 28, 2020, provided the Board of Educations acts on this item at their regularly scheduled January 27, 2020 Board Meeting. Fieldwork can begin on a mutually agreed upon date after selection of the firm. The District reserves the right to reject any and all proposals submitted, and to ask for more details or further clarification on any proposal.

PROPOSAL FORMAT

In order to simplify the review process and obtain the maximum degree of comparison, proposals should be organized in the manner stated below:

- A. **Title Page**: Show the RFP subject, the name of the firm, local address, name and telephone number of contact person, and date of the proposal.

- B. Table of Contents: Include a clear identification of the material by section and by page number.
- C. Letter of Transmittal: Briefly state your understanding of the work to be done and make a positive commitment to perform work within the time period specified. State the all-inclusive annual fee for fiscal years 2020, 2021, and 2022. State names of persons who will be authorized to make representations for the proposer, their titles, addresses, and telephone numbers. Signature by authorized officer of firm.
- D. Profile of the Firm: State whether the firm is local, regional, National or International. Identify the location of the office from which work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office. Include a list of school districts you have audited that have been awarded the ASBO Certificate of Excellence in Financial Reporting. Include a copy of one of this school district's Comprehensive Annual Financial Reports. Provide a list of current and former School clients and give the name and telephone numbers of client official responsible for five (5) of the current audits.
- E. Summary of Proposer's Qualifications: Identify the supervisors who will work on the audit, including staff from other than the local office. Resumes for each supervisory person to be assigned to the audit should be included (the resumes may be included as an appendix).
- F. Services to be Provided: Express agreement to meet the requirements of the engagement as stated in the "Scope of Audit", and "Services Required", section of these guidelines. Provide descriptions of the audit approach, and illustrations of the procedures to be employed. Provide a tentative schedule for performing key phases of the audit and estimated number of hours for each level of staff necessary to complete each phase of the audit.
- G. Proposed Payment Schedule including Fees: Present the fee proposal as well as a payment schedule in a three-year proposal including preparation of the Comprehensive Annual Financial Report for District 39. Present the fee proposal as a payment schedule in a three-year proposal for Wilmette Community Special Education Agreement without the preparation of the Comprehensive Annual Financial Report.
- H. Additional Information: Since information not specifically requested must not be included in the foregoing proposal sections, give any additional information considered essential to the proposal in this section. If there is no additional information to present, state in this section, "There is no additional information we wish to present".
- I. Sample Reporting: Provide sample copies or link to a website of 3 non-CAFR Audit Reports and 3 CAFR's created on behalf of similarly sized school districts within the last 5 years. CAFR samples should have been submitted to ASBO, have met their criteria, and received awards.
- J. Peer Review: Provide a copy of the firm's most recent Peer Review.

AUDIT PROPOSAL GUIDE

Introduction

1. Two (2) copies of the proposal are due at 615 Locust Road, Wilmette, Illinois 60091, attention Ellen Crispino, Business Manager/CSBO, before noon on December 17, 2019.
2. It is understood that this is not a competitive bid, but rather a proposal to perform auditing services for District 39.
3. The right of selection of an auditor is exclusively the province of the Board of Education. The Board reserves the right to select on the basis of written information provided and/or interviews of the candidates with the Selection Committee.
4. Selected candidates will be contacted for interviews to be held on January 7th or 8th to finalize the selection of an auditor for fiscal years 2020, 2021 and 2022.

The following information is intended to acquaint interested candidates in a general way with District 39 and its audit requirements.

General Information

1. School District
Wilmette Public School District 39 (District), 615 Locust Road, Wilmette, Illinois, is a K-8 school system comprising the majority of Wilmette and the eastern portion of Glenview. The enrollment is approximately 3,500 pupils including Preschool through 8th grade. There are six schools and approximately 570 employees.

Co-op

Wilmette Community Special Education Agreement, 615 Locust Road, Wilmette, Illinois, is a co-op with two member districts. The member districts are Wilmette Public School District 39 and Avoca Public School District 37. The Co-op has a very small number of financial transactions.

2. *District Accounting Methods*

The financial accounting records are kept in accordance with the modified accrual basis of accounting. The modified accrual basis of accounting is defined as “*The basis of accounting under which revenues are recognized when they become measurable and available as net current assets, and expenditures are generally recognized when the related fund liability is incurred.*”

3. *Funds*

The following are the Budgeted Funds currently being used in District 39:

1. Educational Fund
2. Operations and Maintenance Fund
3. Debt Service Fund
4. Transportation Fund
5. Illinois Municipal Retirement Fund
6. Capital Projects Fund
7. Working Cash Fund
8. Tort Fund
9. Life Safety/Fire Prevention Fund

The activity in these funds utilizes the general checking account and payroll checking account. In addition, there is a school trust account also known as the “*Activity Fund.*”

4. *Accounting Technology*

The entire financial accounting system is computerized and an integrated school administration software package.

5. *Scope of Accounting Responsibilities*

Audit of the General Purpose Financial Statements as of and for the years ended June 30, 2020, 2021, and 2022, and schedules included in the district’s Comprehensive Annual Financial Report. The financial statements will be presented in accordance with the financial reporting model described in GASB Statements 34 and 44. These statements will be comparative with operating budgets. In addition, the Annual Financial Report will be prepared to conform to the Illinois Program Accounting Manual for Local Education Agencies of the Illinois State Board of Education. Any notes to financial statements considered necessary will be included.

All audits shall be made by independent auditors in accordance with generally accepted auditing standards and *Government Auditing Standards*. In addition, the audits of the District need to be based upon the additional requirements of the Single Audit Act Amendments of 1996 and Uniform Grant Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

Qualification and Experience

1. Indicate the size of your professional staff and the number of those who are Certified Public Accountants including how many have experience auditing educational institutions.
2. Describe auditing qualifications of your firm, particularly with respect to audits of educational institutions. Indicate how many educational audits your firm conducted for 2018-19.
3. Describe experience auditing public school districts in the Chicago area during the last five years.
4. Describe qualifications and experience with respect to consulting services in fields such as annuities, employee benefits, and electronic data processing systems.
5. Describe any other qualifications deemed important to your ability to provide requested services.

Audit Considerations

1. Describe proposed reassignment and rotation of staff personnel each year and ability to provide continuity of service
2. Describe timing of Field Work.
3. Indicate degree of assistance expected of District 39 personnel.
4. Describe assignment of duties and responsibilities to various personnel used on the audit.
5. Please furnish resumes of the key personnel who would be assigned to the audit.

Fees

The fee proposal should be a three-year proposal for the scope of work and document preparation including preparation of the Comprehensive Annual Financial Report.

Questions

Questions regarding the proposal may be addressed to Ellen Crispino, Business Manager/CSBO at (847) 512-6001.