

INVITATION TO BID

FOR

Auditing Services

Bids due at: Finance Office
Central Falls School District
21 Hedley Avenue
Central Falls, RI 02863

Time: 12:00 P.M.

Date: June 22, 2009

Bids available on or after: June 29, 2009

INVITATION TO BID
AUDITING SERVICES
FOR CENTRAL FALLS SCHOOL DISTRICT

Sealed bids for furnishing the Central Falls School District with the above item will be received in the Office of the Business Administrator, 21 Hedley Avenue, Central Falls, RI 02863, until 12:00 P.M., June 22, 2009 at which time they will be opened publicly.

Specifications may be obtained at the District's website <http://www.cfschools.net>.

Bids are to be placed in a **sealed envelope and clearly marked** "Auditing Services" addressed to the Finance Office.

Central Falls School District reserves the right to accept or reject without prejudice, any or all proposals or to waive any irregularities therein, or to accept the bid deemed to be in the best interest of the District.

No bid will be accepted after date and time specified.

GIOVANNA B. VENDITTI
DIRECTOR OF FINANCE

BID FORM
AUDITING SERVICES
FOR CENTRAL FALLS SCHOOL DISTRICT

Date:

We, the undersigned, doing business as _____

And hereinafter known as the Bidder, hereby propose to furnish **AUDITING SERVICES** as specified to the Central Falls School District, 21 Hedley Avenue, Central Falls, RI 02863. As attached.

Company

Contact Person

Signature

Telephone Number

Address

Fax Number

City/State/Zip Code

**To: Giovanna B. Venditti
 Central Falls School District**

The undersigned represents that this proposal is made in good faith, without fraud, collusion or connection of any kind with any other bidder for the same auditing services; that they have a full understanding of the specifications relating to the general audit of the financial records of the Central Falls School District. The undersigned further represents that they have reviewed the specifications and have made their own examinations and estimates in formulating this proposal.

Furthermore, the undersigned understands that the Central Falls School District reserves the right to waive any and all formalities or reject in full or in part any and all proposals.

Also, the Central Falls School District reserves the right to accept a proposal which may not be the proposal that is the lowest in cost if the Central Falls School District determines that said proposal serves the best interest of the Central Falls School District.

Finally, the undersigned understands that the Central Falls School District's selection is subject to the approval of the Auditor General and the Director of Administration of the State of Rhode Island.

With the above understanding, the undersigned proposes to conform to the requirements as listed on the plans and specifications and to comply in all aspects with said specifications for the sums stated.

Total Bid Specifications:

Name of Company: _____

Address: _____

Telephone: _____

Submitted By: _____

(Signature of Authorized Official)

(Title)

Central Falls School District

Audit Specifications

Qualification of Auditor

The firm selected to perform the audit, shall be a firm of certified public accountants holding a valid certification in the State of Rhode Island or from another state having equal professional standards.

The senior accountant in charge of fieldwork shall be a certified public accountant.

The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States.

The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.

The audit organization shall provide a copy of their most recent external quality control review report to the Central Falls School District

Audit Contract

The audit contract covers fiscal years 2009, 2010 and 2011. Each year must be treated as a separate audit. The contract period shall not exceed three years.

The audit contract shall specify an audit fee for each year. The audit fee for the financial statement audit and supplementary schedule of expenditures of federal awards shall be inclusive of all expenses.

The contract shall also specify an hourly rate for all audit work and reporting requirements related to major federal programs due to the variable scope of work in applying the risk-based approach outlined in OMB Circular A-133. Once the scope of testing required for major programs is determined, the auditor and the School District will negotiate a not-to-exceed fee for the portion of the audit related to major federal programs.

Audit Standards

The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.

The audit shall be conducted in accordance with standards for financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. If a single audit is required then the standards contained in the **amended (July, 1996) Single Audit Act of 1984 and the provisions of revised OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, must also be followed.**

Audit Scope

The Financial Statements to be presented, audited and reported upon by the private auditor shall be identified, e.g., combined financial statements, combining financial statements, etc., single year or comparative statements, etc. such as:

- I. Basic Financial Statements:
 - a. Statement of Net Assets
 - b. Statement of Activities
 - c. Balance Sheet – Governmental Funds
 - d. Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
 - e. Statement of Fiduciary Net Assets
 - f. Notes to the Financial Statements
- II. Required Supplementary Information:
 - a. Schedule of Funding Progress
 - b. Budgetary Comparison Schedule – Unrestricted Fund
 - c. Notes to Required Supplementary Information
- III. Supplementary:
 - a. Combining Balance Sheet – Non-major Governmental Funds
 - b. Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Non-major Governmental Funds
 - c. Schedule of Travel Expenses
- IV. Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards
- V. Schedule of Expenditures of Federal Awards with Auditor's opinion thereon (required regardless of whether there are any major programs).
- VI. Notes to Schedule of Expenditures of Federal Awards

VII. Any supplementary financial statements, schedules and information required by the Commissioner of Elementary and Secondary Education or the Board of Trustees of the School District including but not limited to Form 31 R/A, IN\$ITE and the pupil counting system.

VIII. Management's Discussion and Analysis

- a. GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*
- b. Any additional statements regarding note disclosures which will have the same scheduled implementation date as GASB Statement No. 34.

IX. Major Federal Programs:

The School District is considered a component unit of the State for financial reporting purposes; however, the school district administers various federal programs with federal awards passed through the Rhode Island Department of Education. In order to provide audit coverage for federal awards expended by the school district, the auditors shall coordinate with the Office of the Auditor General in their capacity as principal auditor for the State's Single Audit. This may require testing of specific federal program compliance features in order to meet the State's overall major program testing requirements.

Audit Reports

- I. The audit reports to be submitted to the Board of Trustees of the School District, the Director of Administration, the Auditor General and the Department of Education upon completion of the audit includes:
 - a. Report on the basic financial statements, and/or combining financial statements, and/or financial statements of separate funds based on an audit performed in accordance with generally accepted auditing standards and *Government Auditing Standards*
 - b. Report on supplementary financial statements, schedules, information, etc. as required
 - c. Report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*
 - d. Reports and summaries related to federal financial assistance (as appropriate in the circumstances) **as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations***
 - e. Reports required under trust agreements, loan agreements, etc.
 - f. Other reports requested by the Commissioner of Education, Board of Trustees of the School District, and/or the Auditor General and/or the Director of Administration as required by the applicable section of the general laws
 - g. Additional copies of the Audit Report as required by the Board of Trustees of the School District

Note: Auditors should not prepare the Data Collection Form referenced in OMB Circular A-133. This form will be prepared by the Office of the Auditor General for the State reporting entity.

- II. Fifteen (15) draft copies of the audit report(s) and management letter shall be submitted to the Board of Trustees of the School District, Business Administrator and the Auditor General on or before September 5.
- III. A detailed schedule of travel and entertainment expenses shall be included as supplementary information in the financial statements. All expenditures of \$200 or greater shall be itemized and a total shown for all expenditures less than \$200. Chapter 35-7-14 of the General Laws of the State of Rhode Island requires the agency to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit.
- IV. Fifteen (15) final copies of the Audit Report(s) and Management Letter(s), one unbound copy and one electronic copy of the Audit Report shall be submitted to the Central Falls School District by September 15 for review and appropriate action by the Board of Trustees.

Management Letter

- I. Upon completion of the audit, the management letter shall be submitted to the Board of Trustees of the School District with copies to the Director of Administration, Auditor General and the Department of Education.
- II. The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:
 - a. policies, procedures and practices employed by the School District
 - b. immaterial weaknesses in the internal control structure that are not “significant deficiencies”
 - c. use of resources to provide a governmental service in a reasonable, judicious, economical and efficient manner
 - d. compliance with state laws pertaining to the School District and with rules and regulations established by the Commissioner of Education or the School District

Required Completion Date

September 30 Deadline for Completion of Audit and Delivery of Reports for Inclusion in State’s Comprehensive Annual Financial Report and Statewide Single Audit Report

- a. The audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the School District, Director of Administration and State controller by **September 30** of each year (as required by Section 35-6-37 of the General Laws). These financial statements will be incorporated into the State’s Annual Comprehensive

Financial Report. Two copies of all audit reports and communications shall be provided to the State Auditor General. One copy will be provided to the Department of Education.

- b. The additional audit reports relating to federal awards and required by OMB Circular A-133 “*Audits of States, Local Governments, and Non-Profit Organizations*” shall be submitted no later than **November 30** of each year.

Coordination between the Auditor of the School District and the Auditor General

- I. The private auditor selected for the School District audit shall cooperate with the Auditor General, as principal auditor, in his coordination of the Single Audit of the State. **This will include communications between the Auditor General and the private auditor regarding the determination of major federal financial assistance programs using risk-based approach prescribed by OMB Circular A-133.**
- II. Specific inquiries and procedures to assure such coordination include:
 - a. A written representation that the private auditor of the School District is aware that the financial statements he is to audit will be incorporated in the financial statements of the state as the reporting entity and that their report thereon will be relied upon and referred to by the Auditor General as well as any other reports required by *Government Auditing Standards* or the Single Audit Act and OMB Circular A-133
 - b. Written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants including those in Interpretation 10 of Rule 101 of the AICPA Code of Professional Ethics and *Government Auditing Standards*
 - c. A written representation that the private auditor of the School District meets the continuing educational requirements of *Government Auditing Standards*
 - d. A written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The private auditor will provide the Auditor General with a copy of his most recent external quality control review report
 - e. A written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July, 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and will conduct the audit and will report in accordance with those standards
 - f. Attendance of the Auditor General at entrance, exit and other conferences between the private auditor and the School District
 - g. Submission of ALL “draft” copies of the audit report(s) and management letter before the exit conference

- h. Prompt notification to the Auditor General and the Director of Administration by the private auditor if he becomes aware of fraud, abuse, or illegal acts or indications of such acts affecting the School District
- i. Prompt notification to the Auditor General and the Director of Administration by the private auditor if he encounters any significant accounting and/or auditing problems, or any situations, that would delay completion of the audit

Audit Workpapers

Audit workpapers of the private auditors of the School District shall be made available upon request of the Director of Administration and/or the Auditor General for their review, at the completion of the agency audit.

Invitation to Bid

**Accounting Services
For the Central Falls School District**

Sealed bids for furnishing the Central Falls School District with the above item will be received in the Office of the Superintendent, 21 Hedley Avenue, Central Falls, RI, 02863, until 12:00 P.M. June 22, 2009 at which time they will be opened publicly.

Specifications may be obtained at the District's website: <http://www.cfschools.net>.

Bids are to be placed in a sealed envelope and clearly marked "Auditing Services" addressed to the Office of Finance.

Central Falls School District reserves the right to accept or reject without prejudice, any or all proposals, or to waive any irregularities therein, or to accept the bid deemed to be in the best interests of the District.

No bid will be accepted after the date and time specified.

**Giovanna B. Venditti
Director of Finance**