

LaGrange Highlands School District 106



Independent Auditing Services Request for Proposal

**Proposal Due Date:
February 20, 2024**

No Later Than 2:00 P.M.

1750 W Plainfield Rd, La Grange Highlands, IL 60525 Phone: (708)-246-3085 www.district106.net

LaGrange Highlands School District 106

Invitation to Submit Proposal

LaGrange Highlands School District 106 invites independent Certified Public Accounting firms to submit audit proposals providing audit services for three (3) years, with the option of two one-year extensions.

Submission Schedule

All proposals must be delivered to the following address, no later than:

February 20, 2024 @ 2:00 p.m.

Katie Hannigan, Director of Finance
LaGrange Highlands School District 106
1750 W Plainfield Rd
LaGrange Highlands, IL 60525

Proposals must be submitted in a sealed envelope clearly marked "**Audit Services Proposal**". The Audit Proposal must conform to the presentation format outline included in this packet.

NOTE: District personnel should not be contacted for the purposes of requesting additional information or clarification of the information provided within this request for proposal. The District will accept written (e-mailed) requests for additional information, which will be summarized and submitted to all firms expressing an interest in providing a proposal. Requests for additional information must be e-mailed and received at the District on or before February 13, 2024. All requests are to be sent to:

Katie Hannigan, Director of Finance
channigan@district106.net
(708) 246-3085

An electronic copy of this RFP can be found online at www.district106.net. The specific location is under the Administration tab > Finance/Operations > Bids/Proposals.

LaGrange Highlands School District 106

INFORMATION FOR AUDITORS

SCOPE OF THE AUDIT:

The annual audit shall consist of an examination of the governmental activities, each major fund, and the aggregate remaining fund information (“the basic financial statements”) of LaGrange Highlands School District 106. The audit shall be conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards and shall include a review of accounting procedures and the system of internal accounting control to ensure that there is effective control over revenues, expenditures, assets, and liabilities and that there is a proper accounting of resources, liabilities, and accounting operations.

The examination shall be sufficient in scope so as to render an opinion on the fairness of the representations contained in the basic financial statements as of, and for, the year ended in accordance with U.S. generally accepted accounting principles for state and local governments.

The District reports on the accrual basis of accounting. All reports should be presented in accordance with GASB34.

All work papers and reports should remain in the custody of the audit firm and must be retained by the audit firm, at the audit firm’s expense, for a minimum of five years, unless the firm is notified by the district of a need to extend the retention period.

SERVICES REQUIRED:

In addition to the services noted under the SCOPE OF THE AUDIT section, above, the auditor is also required to:

- Evaluate and suggest improvements to the District’s documentation of the internal controls over key financial processes including Accounts Payable, Payroll, Cash receipts, Financial Close Process, General IT Controls and Entity-level Controls, using information provided by the District.
- Working collaboratively with the Director of Finance or designee, prepare and/or finalize the modified accrual adjusting journal entries required to convert the District’s internal modified cash basis information to the modified accrual basis used for external reporting of the District’s funds. Track the historical cost and accumulated depreciation of all fixed asset balances based upon reports of annual activity provided by the District.
- Prepare all conversion entries necessary for full accrual reporting of the government-wide financial statements for approval by the District.
- Since the District utilizes the services of the Lyons Township School Treasurer who manages cash and investments, and a basic general ledger for the District, the audit firm is required to coordinate with the Treasurer to verify cash balances for each major fund.

REPORTS REQUIRED:

The auditor shall prepare the following by no later than October 15th each year or as soon as reasonably possible:

- Financial statements and notes on which the auditor opines including all supplementary schedules. The auditor is expected to furnish the District with an electronic template containing the audited information that can be used by the District to prepare the Management Discussion & Analysis. Such template should contain the completion of all charts and tables to expedite analysis. Tentative drafts of all reports shall be submitted to the Director of Finance prior to the final preparation. A meeting shall be held to review these tentative drafts within ten days after their receipt.
- Prepare a bound Final Audit Report (2 copies) along with an electronic version to the Director of Finance.
- Prepare the Annual Financial Report (ISBE 50-35) required by ISBE including the Schedule of Expenditures of Federal Awards and related documentation, along with the Consolidated Year-End Financial Report (CYEFR). Send electronic copy of AFR to the Director of Finance and electronically file with the State Board of Education.
- File all required ISBE reports in accordance with required due dates.
- Preparation and initial filing of the Data Collection Form to the Federal Audit Clearinghouse.
- Management Letter to the Board of Education: The purpose of the letter shall be to identify areas of risk in the District's internal control system and to provide recommendations of the auditor, which if implemented, would in the auditor's opinion, increase efficiency, improve internal accounting control and assist in effective accounting procedures. All comments and recommendations shall be discussed with, and a draft of the letter provided to, the Director of Finance prior to issuance.

QUALIFICATIONS:

Proposals will be accepted from firms with demonstrated experience and competency in school district auditing. The minimum qualifications for firms submitting proposals are:

1. The audit shall be conducted under the supervision of a licensed Certified Public Accountant with significant experience and knowledge of Illinois school district auditing and reporting requirements. An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Illinois. The senior field auditor must have three to five years' actual experience in supervising a school district audit.
2. The firm must have demonstrated efforts to keep its staff current in the industry and in governmental organizations.

3. Must provide the names, titles, addresses, and phone numbers of at least three school district clients for whom the firm has performed audits within the last two years similar in scope and reporting.
4. The firm must have an existing engagement with at least five other Illinois school districts.
5. 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.
6. Assurance must be given that during the course of the life of the contract that there will be some continuity in the assignment of the audit staff. It is to the mutual interest of the District and the audit firm that staff are assigned who gained the experience of completing the prior year's audit for the District.
7. The selected auditor shall provide proof of the following insurance to the District by Certificate of Insurance. The Certificate of Insurance shall state that the Board, its members, officers, elected officials, employees, and agents are additional insured under the policy or policies. The insurance company shall provide Certificates of Insurance to the District prior to the start of any work under this contract. The selected auditor's insurers shall provide thirty (30) days advance written notice via certified mail in the event of cancellation of any insurance program required by this contract.
 - a. Errors and Omissions Insurance. The selected auditor shall present evidence of Errors and Omissions Insurance with a minimum coverage of \$1,000,000.
 - b. Professional Liability Insurance. The selected auditor shall present evidence of Professional Liability Insurance for the life of this audit and two years thereafter. This insurance shall provide coverage against such liability resulting from this audit. The minimum limits of such coverage shall be \$1,000,000 with a deductible not to exceed \$100,000. The deductible will be the responsibility of the insured. Professional liability policies shall include an endorsement whereby the auditor and their insurance carrier shall hold harmless The Board and each officer, agent, and employee of The Board for any and all claims against them arising from the negligent performance of professional services or caused by an error, omission or negligent act of the auditor or anyone employed by the auditor. Such coverage shall not be suspended or be modified except after prior written approval of The Board. Certificates of Insurance meeting this requirement shall be forwarded to the District and approved prior to the start of any work.
 - c. Workers' Compensation Insurance. The selected auditor shall maintain Workers' Compensation coverage and Employers Liability Insurance with minimum limits of \$1,000,000 per occurrence.
 - d. Comprehensive General Liability Insurance. The selected auditor shall procure and maintain for the life of the contract/agreement, Comprehensive Liability Insurance,

including Completed Operations Liability. This policy shall provide coverage for death, bodily injury, personal injury, or property damage that could arise directly or indirectly from performance of the contract. The coverage must be on an occurrence form basis with minimum limits of \$1,000,000 per occurrence, combined single limit for bodily injury and property damage liability.

- e. Business Automobile Liability. The selected auditor shall procure and maintain, for the life of the contract/agreement, Business Automobile Liability Insurance with minimum limits of \$1,000,000 per occurrence and combined single limit for bodily injury liability and property damage liability. This coverage shall be on an “Any Auto” or “Comprehensive Form” policy. The coverage shall be on an occurrence form policy. In the event the Company does not own any vehicles, hired and non-owned coverage shall be provided in the amounts listed above.

Indemnification / Hold Harmless: The selected auditor shall, in addition to any other obligation to indemnify the LaGrange Highlands School District 106 School Board to the fullest extent permitted by law, protect, defend, indemnify and hold harmless the Board, its agents, officers, elected officials, employees and volunteers from and against all claims, actions, liabilities, losses, reasonable attorney fees, and costs arising out of any actual or alleged: Bodily injury, sickness, disease or death, or injury to or destruction of tangible property including the loss of use resulting there from, or any other damage or loss arising out of, or claimed to have resulted in whole or in part from any actual or alleged act or omission of the Company or subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable in performance of the work; or Violation of law, statute, ordinance, governmental administration order, rule or regulation by the proposer; or liens, claims or actions made by the selected auditor or any subcontractor or other party performing the work. The indemnification obligations hereunder shall not be limited to any extent by the amount, type of damages, compensation or benefits payable by or for the proposer or any subcontractor under workers’ compensation acts, disability benefit acts, other employee benefit acts or any statutory bar.

- 8. Any cost or expense, including reasonable attorney fees, incurred by the District to enforce the contract shall be borne by the selected auditor.

EXPECTATIONS:

1. The selected auditor shall present the audit at a regularly scheduled meeting of the Board of Education.
2. The selected auditor shall keep the District apprised of any and all changes in accounting and reporting requirements and assist the District in their implementation.
3. The selected auditor shall perform special projects and/or audits as assigned, but no additional charges or billing in excess of the proposed fee shall be incurred without the written consent of the Director of Finance.
4. The selected auditor shall serve as a resource and be available for consultation on accounting and internal control issues throughout the fiscal year.
5. No part of the audit, except the printing, may be subcontracted.
6. The selected auditor is required to use a comprehensive audit plan and, to the extent permissible, must 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 officials should be consulted when such judgments result in a disproportionate amount of effort being expended on a particular subject.
7. Copies of trial balances, transaction data transferred electronically, and assistance from the Business Office staff will be available to the selected firm. All adjustments to financial statements will be discussed with the Director of Finance prior to posting.
8. The selected auditor will maintain regular contacts and meetings with district administration and other personnel including but not limited to:
 - Engagement planning meeting
 - Progress reports
 - 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 benefits to school districts
15. Proposed work plan
 - a. Interim work and entrance conference including spreadsheet with list of Pre-Audit Client Materials to be provided.
 - b. Details of audit plan, including updated spreadsheet list of Audit Client Materials to be provided at least four weeks in advance; discuss level of testing, field work, etc.
 - c. Draft report.

- d. Modifications to the prior year's Management Discussion & Analysis section of the audit to update balance sheet and other financial information.
 - e. Final report (must be presented to the District Board of Education)
16. The District and the Auditor will enter into a letter agreement for up to five years as presented, however, the contract will be renewable annually. The agreement shall also provide for early termination by the District, if for any reason, the District is dissatisfied with the professional services rendered.

CURRENT INFORMATION REGARDING SCHOOL DISTRICT 106

- LaGrange Highlands School District 106 is a grade Pre-k - 8 public school district consisting of 2 connected buildings, in LaGrange Highlands. The enrollment is approximately 1,000 students, with about 170 full-time and part-time employees.
- District 106 financial accounting, payroll and human resources operations are performed by Business Office staff members. Investments services are provided through the Lyons Township Treasurer's Office.
- The District maintains its internal financial records on the cash basis of accounting using the following funds:
 - Educational
 - Operations and Maintenance
 - Debt Service
 - Transportation
 - IMRF/Social Security
 - Capital Projects
 - Working Cash
 - Tort
 - Life Safety
- The District's FY24 budget reflects \$18.0 million in total revenue and \$24.3 million in total expenditures, including the spend down of capital bonds. The operating revenue is budgeted at \$16.7 million, and the operating expenditures are budgeted to be \$16.3 million.
- The district uses Infinite Visions for general ledger, accounts payable, accounts receivable, payroll, and human resource functions.
- The District uses the First National Bank of LaGrange for banking services and Fifth Third Bank for student activity accounts as well as Countryside Bank for the imprest account.

PROPOSAL CONTENTS AND FORMAT

1. Title Page

Include the firm's name and address, along with the name, telephone number, and email of a primary contact person.

2. Table of Contents

Include a table of contents identifying sections and/or page numbers.

3. Letter of Transmittal

- Include a statement of your understanding of the work to be done and briefly describe your audit approach applied to reach the objective.
- State names of the person(s) who will be authorized to make representations for the firm, their title, addresses and phone numbers.

4. Profile of the Firm

- Provide an overview of your firm, size, experience of the firm and its key personnel
- Provide a list of three current and/or former clients within the past two years and contact information.

5. Services to be provided

- Express agreement to meet the requirements of the engagement as stated in the "Scope of Audit" and "Services Required" sections 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 the amount of time required to accomplish these phases.

6. Fee Structure

- Provide proposed fee, itemizing any specific services. The fee should include out-of-pocket expenses, including report production costs.
- Outline a three (3) year fee structure. The final two years can be included or agreed upon at the time of renewal, not to exceed CPI.

7. To be included with proposal:

- A brief resumé of key personnel who would be involved in the District's audit.
- Sample Audit Report, Sample MD&A Template provided to client, a sample of Pre-Audit and Audit Client Materials list.
- A minimum of two Peer Review Reports for the most recent years available.
- A summary of the tasks to be performed by the School District with respect to secretarial work, preparation of summaries, search for documents, and any other necessary tasks.

The Board reserves the right to reject any or all proposals or any part thereof, to waive immaterial technicalities in the quoting, and to accept the proposal deemed most favorable to the Board after all proposals have been examined and evaluated. Finalists may be invited for further presentation/interview with Board of Education/Finance Committee.

The following criteria will be considered in the evaluation of firms:

1. Responsiveness of the proposal in clearly stating an understanding of the work to be performed
 - a. Audit coverage
Adequacy of sampling techniques
Adequacy of analytical procedures
Comprehensiveness of the audit work plan
 - b. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants assigned
 - c. Copy of an audit conducted last year for another similar school district
2. Technical experience of the auditing firm
 - a. Auditing similar IL school districts (size/budget)
 - b. Firm or staff auditing experience
3. Qualifications of staff, including consultants, to be assigned to the audit. Education, including continuing education courses taken during the past 2 years, position in the firm, and types of experience will be considered. This will be determined from the resumes submitted
 - a. Qualifications of the audit team
 - b. Supervision to be exercised over the audit team by the firm's management
4. Size and structure of the firm
5. Cost of the audit proposal