

**PHOENIX UNION HIGH SCHOOL DISTRICT NO. 210
REQUEST FOR PROPOSAL 2-212**

I. PURPOSE

The purpose of this Request for Proposals (RFP) is to enter into a contract with a qualified Certified Public Accountant or Public Accountant to conduct an annual audit of financial transactions and accounts kept by or for the District, subject to the *Single Audit Act Amendments of 1996* (P.L. 104-156) for the years ending June 30, 2012; June 30, 2013; June 30, 2014; June 30, 2015 and June 30, 2016, and to complete the Uniform System of Financial Records (USFR) compliance Questionnaire.

The District's comprehensive Annual Financial Report must also be prepared for submission to the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting by School Systems Program, and the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

II. GENERAL INFORMATION

A. Mandatory Qualifications

The following qualifications are mandatory for audit firms submitting proposals:

1. The auditors must be properly licensed certified public accountants, public accountants, or persons working for a licensed certified public accounting firm or public accounting firm. According to *Government Auditing Standards* (GAS), 2007 Revision, as amended, issued by the Comptroller General of the United States, public accounting firms must be licensed on or before December 31, 1970.
2. The audit firm must meet the independence requirements of GAS.
3. The audit firm must not have a record of substandard audit work for the last three (3) years. The District reserves the right to contact the Arizona State Board of Accountancy to verify the audit firm's credentials and the State of Arizona, Office of the Auditor General, to verify that the audit firm has not been debarred or suspended or that such audit firm's contracts are not routinely rejected for substandard audits.
4. The audit firm must have an external quality control review performed at least every 3 years in accordance with GAS. The most recent external quality control review report must be included with the proposal.
5. The audit firm must meet the continuing education requirements of GAS. Therefore, each auditor responsible for planning, directing, conducting, or reporting on GAS audits should complete at least 80 hours of continuing education every 2 years. At least 20 hours should be completed in any 1 year of the 2-year period. At least 24 of the 80 hours of continuing education should be completed in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the District operates.

B. Procedures and Time Frame for Submitting Proposals/Awarding Contract

Interested, qualified audit firms may submit a proposal to Phoenix Union High School District No. 210 at the following address:

4502 North Central Avenue, Room 438

Phoenix, Arizona 85012

Attn: Bonnie Gonzalez

Four (4) copies of the proposal are required. They should be prepared in accordance with the proposal format requirements discussed in this RFP, and packaged in such a manner that the outer wrapping clearly indicates the RFP number.

The following dates will apply unless waived in writing by the District Governing Board.

1. The pre-proposal conference will be held to answer questions. If possible, questions on the RFP should be submitted in writing to the District prior to the pre-proposal conference.
2. Sealed proposals will be received until 2:00 p.m., LOCAL TIME ON February 28, 2012, at the District address listed above. No proposals will be accepted after the time indicated. Proposals received after the deadline will be stamped with time and date and returned unopened.
3. Proposals will be evaluated the week of March 5, 2012. Please have staff available at that time to respond to any questions by telephone.

4. Discussions with individual audit firms may be held to clarify proposals.
If such discussions are held with any or all audit firms, all audit firms will be notified that a best and final offer may be submitted by March 26, 2012. The best and final offer provides the opportunity for audit firms to revise their proposals, including the fee for the services, based on additional information gathered during the oral discussions. If a best and final offer is not submitted, the previous offer will be construed as the best and final offer.
5. Contract award is expected to be made on or before May 3, 2012. The contract will be awarded on the basis of demonstrated competence and qualifications to perform the required services at fair and reasonable compensation. However, after the audit firm is selected, the Auditor General will review the proposed contract and approve or disapprove it in accordance with Arizona Revised Statutes (A.R.S.) §§15-914(E) and 41-1279.21(A)(4), and *Arizona Administrative Code* R4-44-117. Only upon approval of the proposed contract by the Auditor General the contract will be signed by the school district administrator and the selected audit firm. The District will send a letter to inform each audit firm submitting a proposal whether the proposal was accepted or rejected.
6. Audit work may begin as soon as the Auditor General approves the proposed contract. Audit work must be completed by November 15th of each year.
7. The Comprehensive Annual Financial Report must be available for district review by December 1st of each year and must be completed, printed and submitted to the Association of School Business Officials and the Government Finance Officers Association no later than December 31st of each year. The final report for District publication must be provided to the District audit liaison, Ms. Tamara Hodge, no later than the first week of January of the following fiscal year.
8. A preliminary draft of the single audit and management reports should be completed and an exit conference held no later than February 15, 2013, February 15, 2014, February 15, 2015, February 15, 2016 and February 15, 2017.
9. The final single audit and management reports should be submitted to the District no later than March 1st of the following fiscal year.

Cost and price information provided in the proposal will be held confidential and will not be disclosed to competing audit firms prior to selection of the audit firm. Information on total bid price may be disclosed after the audit firm has been selected.

C. Review of Proposals and Evaluation Criteria

The District and any outside experts the District considers necessary will evaluate the proposals. A point formula will be used during the review process to score proposals. If several proposals are very closely ranked, the District may arrange for oral discussions with the audit firms to assist in making the selection.

Proposals will be evaluated using three sets of criteria. Audit firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical and cost criteria. The following represents the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Criteria
 - a. The audit firm is independent and properly licensed.
 - b. The audit firm’s professional staff have received the required continuing professional education within the preceding 2 years.
 - c. The audit firm submits its most recent external quality control review report and has a record of quality audit work.
2. Technical Criteria

	<u>Points Possible</u>
a. Responsiveness of the proposal in clearly stating an understanding of the audit services to be performed, including:	
1. Comprehensiveness of audit work plan	10
2. Realistic time estimates of each major segment of the work plan and the estimated number of hours of each staff level	10
b. Technical experience of the audit firm	
1. Auditing Arizona school districts	10

2.	Auditing governments	5
3.	Auditing computerized systems	5
4.	Auditing federal programs	5
c.	Qualifications of staff	
1.	Qualifications of supervisory staff and of the audit team performing field work	15
2.	General direction and supervision to be exercised over the audit team by the audit firm's management	10
d.	Size and structure of the audit firm, considering the scope of the audit	5
3.	Cost Criteria	<u>25</u>
	Technical and Cost Criteria—maximum points	<u>100</u>

Cost is a factor in awarding the contract; however, only those proposals that meet all the mandatory criteria in the RFP will be given consideration. The contract will not be awarded solely on the basis of cost.

After a composite technical score for each audit firm has been established, the sealed proposal will be opened and additional points will be added to the technical score based on the proposed price. The maximum score for price will be assigned to the audit firm offering the lowest price and proportional scores will be assigned to the other audit firms.

III. PROPOSAL FORMAT

The proposal must conform to the format specified below. The District will make no reimbursement for the cost of developing or presenting proposals in response to the RFP.

A. Title Page

Each proposal must contain a title page that identifies the RFP number and subject and provides the audit firm's name, address, and telephone number; the name and title of a contact person; and the date the proposal was submitted. The title page must also state the period the proposal is effective (nonrescindable).

B. Table of Contents

The proposal's table of contents should include a clear and complete identification of the materials submitted by section and page number.

C. Letter of Transmittal

A brief letter of transmittal should be submitted that includes the following information.

1. The audit firm's understanding of the work to be performed.
2. A positive commitment to perform the service within the time period specified.
3. The names of persons authorized to represent the audit firm, their titles, addresses, and telephone numbers.
4. Reference to a sealed envelope that contains the all-inclusive fee for which the audit work will be done. The fee amount should not be divulged elsewhere in the proposal.

D. Audit Firm Profile and Qualifications

The following information should be included.

1. A description of the audit firm, including office size; whether the organization is local, regional, national, or international in operations; the number of professional staff by level; and a description of the range of activities performed by the local office (i.e., auditing, accounting, tax, or management services).
2. Affirmation that the audit firm meets the mandatory qualifications set forth in section II.A. above.
3. A statement of the audit firm's expertise in: 1) financial audits of Arizona school districts, 2) financial audits of governments, 3) audits of computerized systems, and 4) audits of federal programs.
4. A description of prior experience with audit services of a similar or related nature, including references. The description should include a list of names and dates of school districts audited.

5. Identification of senior and technical staff to be assigned to the audit, including the audit manager or partner. Staff named in the proposal may not be substituted without permission of the District. Resumes, including relevant experience and continuing education of the auditor in charge up to the individual with final responsibility for the audit, may be included as an appendix.
6. A statement of the auditor's expertise in compiling statements and preparing a report which meet requirements for the Association of School Business Officials Certificate of Excellence in Financial Reporting for School Districts and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. Include School District's and dates for which ASBO and GFOA Certificates of Excellence in Financial Reporting were received, if applicable.

E. Audit Firm's Approach to the Audit

The technical portion of the proposal shall include, as a minimum:

1. A work plan detailing the approach the audit firm intends to follow. The audit work plan should completely cover what audit work will be accomplished to allow the audit firm to render the reports described in this RFP.

The audit work plan should demonstrate the audit firm's understanding of the audit requirements of a single audit as specified in OMB Circular No. A-133 and the audit tests and procedures to be applied in completing the audit work plan.

The audit work plan should also detail how the audit firm plans to meet the time constraints and reporting deadline requirements specified in this RFP.

2. A plan for organizing and staffing the audit, with an estimate of time each staff member will devote to the audit.

F. Cost Proposal

The cost portion of the proposal should be submitted along with the proposal, but in a separate sealed envelope.

G. FORMS

References

Non-Collusion

Offer & Acceptance

Drug Free Workplace Certification

IV. DESCRIPTION OF DISTRICT AND RECORDS TO BE AUDITED

A. General

The Phoenix Union High School District No. 210 is a political subdivision of the State of Arizona located in Maricopa County. The District consists of approximately 26,000 students. The District operates on a July 1 to June 30 fiscal year.

The accounting policies of the Phoenix Union High School District No. 210 conform to generally accepted accounting principles (GAAP) as adopted by the Governmental Accounting Standards Board (GASB) or Financial Accounting Standards Board (FASB), as applicable.

B. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the activities of those organizational entities for which its elected governing board is financially accountable.

C. District Funds

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

The District reports the following governmental and enterprise funds and other fund types:

<u>Governmental</u>	<u>No. of Funds</u>
General Fund	1
Major Funds	3
Non-Major Fund(s)	33

D. Federal and State Financial Assistance

Actual expenditures for fiscal year ended June 30, 2011:

Federal Projects

Title I Grants	\$15,369,507
Professional Development & Technology Grants	\$1,990,311
Title IV Grants	\$ 19,881
Limited English & Immigrant Students	\$ 610,972
Indian Education	\$ 102,264
Special Education Grants	\$6,034,753
Johnson - O'Malley	\$ 11,511
Vocational Education Grants	\$3,078,343
Homeless Education	\$ 20,146
E-Rate	\$2,102,706
Other Federal Projects	\$2,713,173

State Projects

State Vocational Education	\$ 778,949
Gifted Education	\$ 2,652
Other State Projects	\$ 542,055

E. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All internal service funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

F. Budgeting and Budgetary Control

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted, the budget can be increased or decreased only for specific reasons set forth in A.R.S.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within five (5) subsections (General, Special Ed, Student Transportation, Desegregation and Dropout), any of which may be overexpended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

Although it is not adopted or published, a budget of revenue from all sources for the fiscal year is prepared by the District for use in preparing the Comprehensive Annual Financial Report.

Encumbrance accounting, under which purchase orders, contracts, and other commitments to expend monies are recorded to reserve that portion of the applicable fund balance, is employed as an extension of formal budgetary control in the General, Unrestricted Capital Outlay, Soft Capital Allocation, and Adjacent Ways Funds. Encumbrances outstanding at year-end for goods or services that were not received before fiscal year-end are canceled. However, at year-end the County School Superintendent must encumber in these funds the amounts necessary and available to pay liabilities outstanding for goods or services received but unpaid at June 30. Warrants may be drawn against the encumbered amounts for 60 days immediately following the close of the fiscal year. After 60 days, the remaining encumbered balances lapse and any cash balances remaining in these funds are used to reduce District taxes for the next budget year.

G. Deposit of District Monies

In accordance with A.R.S. §15-341(A)(20), the District deposits with the County Treasurer all monies received, except student activities monies (A.R.S. §15-1122); auxiliary operations monies (A.R.S. §15-1126); monies withheld or received from employees, former employees, board members, and other persons for insurance programs (A.R.S. §15-1223); and grants and gifts to teachers (A.R.S. §15-1224). The School District draws warrants on funds on deposit with the County Treasurer upon presentation of a voucher by the District Governing Board to expend District monies on deposit with the County Treasurer.

In addition to maintaining funds on deposit with the County Treasurer, the District maintains several bank accounts in accordance with A.R.S. Following is a list of all bank accounts maintained by the District.

<u>Bank Account Name</u>	<u>Bank Name and Location</u>
Maintenance and Operation Fund revolving account	Wells Fargo – Phoenix
Miscellaneous Receipts clearing account	Wells Fargo – Phoenix
Food Service Fund clearing account	Wells Fargo – Phoenix
Food Service Fund revolving account	N/A
Auxiliary Operations Fund account	Wells Fargo – Phoenix
Auxiliary Operations Fund revolving account	N/A
Student Activities Fund account	Wells Fargo – Phoenix
Student Activities Fund revolving account	N/A
Federal Savings Bond Withholdings account	N/A
Federal Payroll Tax Withholdings account	Wells Fargo – Phoenix
State Income Tax Withholdings account	N/A
Employee Insurance Programs Withholdings account	Wells Fargo – Phoenix
Grants and Gifts to Teachers account	N/A
Principals' Supplies account	N/A
Electronic Payments clearing account	Wells Fargo - Phoenix
Local Government Investment pool (Student Activities & Aux. Opns)	State Treasurer's Office

H. Magnitude of Financial Activity

The District's total expenditures budgeted for the years ended June 30, 2012, and June 30, 2011, were \$340,733,517 and \$362,707,046, respectively. Following are selected elements of revenues and expenditures for those fiscal years.

<u>Estimated Revenues</u>	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>
State aid	\$ 39,033,114	\$ 40,262,197
Federal revenue	\$ 37,449,339	\$ 43,662,000
Other sources	\$ 11,500,000	\$ 13,500,000
Primary Tax Levy	\$152,891,553	\$158,581,731
Secondary Tax Levy	\$ 45,198,421	\$ 57,613,830
<u>Budgeted Expenditures</u>		
General Fund	\$ 205,018,706	\$ 209,153,298
Unrestricted Capital Outlay Fund	\$ 16,557,846	\$ 25,001,358
Soft Capital Allocation Fund	\$ 3,520,803	\$ 5,360,607
Bond Fund	\$ 1,284,604	\$ 3,309,560
Federal Projects Funds	\$ 37,449,339	\$ 43,662,000
State Project Funds	\$ 2,522,000	\$ 2,026,000
Debt Service Funds	\$ 33,452,700	\$ 33,720,388
Other Governmental Funds	\$ 40,927,519	\$ 40,473,835

The District has approximately 3,000 employees with payroll expenditures of \$152,300,000 and \$ 146,300,000 for the years ended June 30, 2010, and June 30, 2011, respectively. Payroll expenditures are estimated to be \$143,100,000 for fiscal year 2011/2012.

I. Uniform System of Financial Records (USFR)

A.R.S. §15-271 requires the Auditor General in conjunction with the Arizona Department of Education (ADE) to prescribe a uniform system of financial records for use by school districts. This system has been established in the Uniform System of Financial Records accounting manual.

The USFR includes a Chart of Accounts that provides for the establishment of a complete accounting system including the recording of assets, liabilities, fund equity, revenues, and expenditures. The Chart ensures compliance with U.S. GAAP, and meets the requirements of the U.S. Department of Education's account classifications and A.R.S. The account codes and titles listed in the chart must be used by the District.

The USFR also provides comprehensive accounting procedures for accounting records, cash, supplies inventory, capital assets, revenues, expenditures, payroll, travel, and state and federal financial assistance.

J. Prior-Year Information

Annual budgets, annual financial reports, and financial statements for the year ended June 30, 2011, and previous fiscal years, will be sent to interested, qualified audit firms upon request, or may be examined at the District office, or online at www.phoenixunion.org – Departments/ Business and Finance/ Financial Reports.

V. NATURE OF SERVICES REQUIRED

The selected audit firm will be required to perform an annual audit for the years ending June 30, 2012; June 30, 2013; June 30, 2014; June 30, 2015; and June 30, 2016, in accordance with generally accepted auditing standards, GAS, the *Single Audit Act Amendments of 1996*, and OMB Circular No. A-133. In addition, the audit firm must complete a USFR Compliance Questionnaire, which will be used to help determine the District's compliance with the USFR. These requirements are summarized below.

A. Procedures to Be Performed

1. Audit the general purpose financial statements in accordance with generally accepted auditing standards and GAS.
2. Obtain an understanding of the possible effects of laws and regulations on the financial statements.
3. Consider the factors influencing audit risk and obtain an understanding of the District's internal control structure.
4. Test the District's compliance with the requirements applicable to federal award programs.
5. Document results of tests in audit documentation in accordance with GAS paragraphs 4.19 through 4.24.
6. Obtain written representations from District management.
7. Ascertain whether the District established policies and performed procedures listed on the USFR Compliance Questionnaire. (See subsection C below for further instructions.)

B. Reports to Be Issued

To comply with OMB Circular No. A-133, an **audit reporting package** and **data collection form** must be issued. The reporting package must include the following:

1. Financial Statements, including the audit firm’s opinion thereon
2. Schedule of Expenditures of Federal Awards, including the audit firm’s opinion thereon
3. Summary Schedule of Prior Audit Findings
4. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
5. Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular No. A-133
6. Schedule of Findings and Questioned Costs
7. Corrective Action Plan

C. USFR Compliance Review Requirements

Districts must comply with the USFR. To help determine whether districts are in compliance, the Auditor General has developed the USFR Compliance Questionnaire, which consists of a series of questions to be completed by the District’s audit firm regarding requirements set forth in the USFR and A.R.S. Assertions on the USFR Compliance Questionnaire made by the audit firm must be adequately supported in the audit documentation (e.g., by inspection, inquiry, observation, or examination). The audit firm may acquire a copy of the USFR Compliance Questionnaire from the District.

The selected audit firm must complete and submit the USFR Compliance Questionnaire and management letter to the Auditor General. The Auditor General will then inform any district that fails to comply at a satisfactory level with the requirements of the USFR of the District’s deficiencies, giving the District 90 days in which to correct the cited deficiencies.

The USFR Compliance Questionnaire should be presented separately from other reports.

D. The Comprehensive Annual Financial Report and ASBO and GFOA Certificates of Excellence

The District applies annually for two certificates of excellence for their comprehensive annual financial report. The Association of School Business Official’s Certificate of Excellence in Financial Reporting for School Districts and the Government Finance Officer’s Association Certificate of Achievement for Excellence in Financial Reporting. The report must be completed and submitted to both associations by December 31st of each year. The schedules, statements and other data required to be prepared and typed by the CPA firm should comply with GAAP and GASB Financial Reporting Guidelines, and include the following:

1. Table of Contents
2. Introductory Section
3. Financial Section
 - a. Independent Auditor’s Report
 - b. Management’s Discussion and Analysis
 - c. Basic Financial Statements
 - d. Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 - e. Combining and Individual Fund Financial Statements and Schedules

4. Statistical Section

The CPA firm will be required to prepare their documents following the specifications required by the ASBO and GFOA Programs and will be required to coordinate the preparation of the comprehensive annual financial report to ensure its completeness, accuracy and timely submission.

- E. Successful firm must provide a detailed list of District financial reports needed to conduct the audit and prepare the Comprehensive Annual Financial Report prior to May 31, 2012, including appropriate sort criteria.

VI. REPORT REVIEW, TIMING, AND NUMBER OF COPIES

Following completion of draft reports, the audit firm must submit 15 copies of the reports and the audited financial statements to the audit liaison, Ms. Tamara Hodge, Controller, for review.

Upon completion of the final reports, the audit firm must provide 15 copies of the reports to the District, and **one** copy of the audit reporting package, USFR Compliance Questionnaire, and management letter to the Office of the Auditor General either by e-mail at:

asd@azauditor.gov

or by US mail or hand delivery at:

State of Arizona
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

One copy of the reporting package, USFR Compliance Questionnaire, and management letter must be submitted to ADE's Audit Resolution Unit.

*Additionally, the audit firm must submit **one** copy of the audit reporting package and data collection form to the Federal Audit Clearinghouse using the Federal Audit Clearinghouse's Internet Data Entry System at the following Web address: <http://harvester.census.gov/fac/collect/ddeindex.html>*

*In addition to the copies provided above, the audit firm must also provide **one** copy of the audit reporting package to other pass-through entities when the schedule of findings and questioned costs discloses audit findings related to federal awards that the pass-through entities provided or the summary schedule of prior audit findings reports on the status of prior findings related to federal awards that the pass-through entities provided.*

The audit firm will make no other distribution unless approved by the District.

A.R.S. §§15-914(E) and 41-1279.21(A)(4) require the Auditor General to ensure that completed audits are conducted in accordance with generally accepted auditing standards, GAS, *OMB Circular No. A-133*, and the minimum audit and reporting standards prescribed by the Auditor General. **An audit will not be accepted as meeting the requirements of this section until it has been approved by the Auditor General.**

VII. EXIT CONFERENCE REQUIREMENTS

The audit firm must be available to participate in one or more exit conferences with members of the District and the District Governing Board. Exit conferences must be coordinated through the audit liaison, Ms. Tamara Hodge, Controller. The purposes of the exit conferences are to discuss the draft audit reports with the District, identify any errors, and obtain comments on report findings and recommendations.

In addition, the CPA firm shall be available to participate in one Governing Board meeting to discuss audit reports, should it be deemed necessary by School District Officials.

VIII. AUDIT DOCUMENTATION

The audit firm shall retain the audit documentation in its entirety for a period of 5 years after the date of issuance of the audit reports. The audit documentation shall be subject at all reasonable times to review upon request by the Auditor General or her designee, ADE, *the United States Government Accountability Office*, other appropriate governmental agencies, or produced at the Office of the Auditor General, if so requested.

IX. CONTRACTUAL ARRANGEMENTS

A copy of the Contract developed by the Auditor General's Office will be used to prepare the final contract between the awarded firm and the District, to include specific information as detailed in this RFP.

A. Multi-Year Contracts

If the monies are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, the contract shall be canceled and the audit firm reimbursed for the reasonable value of any nonrecurring cost incurred but not amortized in the price of services delivered under the contract or which are otherwise not recoverable.

The District reserves the right to suspend the provisions of the contract for any year in which the District expends less than the qualifying amount of federal awards set forth in OMB Circular No. A-133.

X. RIGHT TO REJECT

The District reserves the right to:

- A.** Reject any or all proposals submitted.
- B.** Request additional information from all audit firms.
- C.** Conduct discussions with responsible audit firms who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements.
- D.** Negotiate modifications to the audit firm's proposal prior to final award for the purpose of obtaining best and final offers.
- E.** Negotiate a contract that may be terminated for lack of funds.

XI. ASSISTANCE AVAILABLE TO AUDIT FIRMS

A. Previous Audit Reports and Audit Working Papers

The most recent audit of the District was performed for the fiscal year ended June 30, 2011, by Heinfeld, Meech & Co., P.C. The audit firm's reports, issued December, 2011, contained an unqualified opinion.

Audit documentation related to the aforementioned audit is available for inspection by contacting Ms. Jennifer L. Shields, Partner, at Heinfeld, Meech & Co., P.C., 602-277-9449, 3033 North Central Avenue, Suite 300, Phoenix, Arizona, 85012.

B. District Assistance

District officials and staff will be available to assist the audit firm by providing information, documentation, and explanations as required. Ms. Tamara Hodge, Controller, will be the audit liaison between the District and the audit firm.

C. Grantor Assistance

Questions or requests for assistance concerning federal grants should be directed to ADE's Grants Management Unit or the applicable ADE federal program area.

Phoenix Union High School District
RFP # 2-212
Financial Audit

Proposal Offer Form

The undersigned, hereby, propose to provide the scope of work and specifications as outlined in the RFP. The undersigned further declares that all information to the referenced Request for Proposal has been carefully read and examined. All undersigned agree to comply with the District rules, regulations, and policies.

Cost of Service	FY ending June 30, 2012	\$ _____
	FY ending June 30, 2013	\$ _____
	FY ending June 30, 2014	\$ _____
	FY ending June 30, 2015	\$ _____
	FY ending June 30, 2016	\$ _____

_____ Name of Company Proposing	_____ Date Signed		
_____ Authorized Signature/Local Representative	_____ Telephone/Fax Number		
_____ Type Name and Position Held with Company			
_____ Mailing Address	_____ City	_____ State	_____ Zip

Phoenix Union High School District #210

RFP #2-212

PROPOSAL OFFER AND ACCEPTANCE

OFFER

The Undersigned hereby Proposes and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications, and amendments in the Solicitation and any written exceptions in the Proposal.

Arizona Transaction (Sales) Privilege Tax License No.:

Federal Employer Identification No. _____

Tax Rate: _____%

Proposal

Company Name

Address

City

State

Zip

For clarification of this Proposal, contact:

Name: _____

Phone: _____

Fax: _____

E-Mail: _____

Signature of Person Authorized to Sign

Printed Name

Title

CERTIFICATION

By signature in the Offer section above, the Offeror certifies:

1. The submission of the Proposal did not involve collusion or other anti-competitive practices.
2. The Offeror shall not discriminate against any employee or applicant for employment in violation of State Executive Order 99-4, 2000-4 or A.R.S. § 41-1461 through 1465.
3. The Offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Proposal. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the Proposal. Signing the Proposal with a false statement shall void the Proposal, any resulting contract and may be subject to legal remedies provided by law.
4. The Offeror warrants that it and all proposed subcontractors will maintain compliance with the Federal Immigration and Nationality Act (FINA), A.R.S. § 41-4401 and A.R.S. § 23-214 and all other Federal immigration laws and regulations related to the immigration status of its employees which requires compliance with Federal immigration laws by employers, contractors and subcontractors in accordance with the E-Verify Employee Eligibility Verification Program.
5. In accordance with A.R.S. § 35-391, the Offeror does not have scrutinized business operations in Sudan.
6. In accordance with A.R.S. § 35-392, the Offeror is in compliance and shall remain in compliance with the Export Administration Act.
7. In accordance with A.R.S. § 35-393, the Offeror does not have scrutinized business operations in Iran.
8. In accordance with A.R.S. § 15-512, the Offeror shall comply with fingerprinting requirements unless otherwise exempted.

**Phoenix Union High School District #210
RFP #2-212**

PROPOSAL OFFER AND ACCEPTANCE (Cont'd)

ACCEPTANCE

The Proposal is hereby accepted.

The Contractor is now bound to sell the materials or services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Proposal as accepted by the School District.

This contract shall henceforth be referred to as Contract No.2-212

The Contractor has been cautioned not to commence any billable work or to provide any material or service under this contract until Contractor receives purchase order, contract release document, or written notice to proceed.

Awarded this day of _____ 20_____

Authorized Signature

Phoenix Union High School District #210
RFP #2-212

DRUG-FREE WORKPLACE CERTIFICATION

Preference must be given to Offerors submitting a certification with their bid certifying they have a drug-free workplace. The special condition is as follows:

IDENTICAL TIE OFFERS - Preference shall be given to businesses with drug-free workplace programs. Whenever two or more bids, which are equal with respect to price, quality, and service for the procurement of commodities or contractual services, An Offer received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie offers will be followed if none of the tied Offerors have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace, and specifies the actions that will be taken against employees for violations of such prohibition.
- 2) Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
- 3) Give each employee engaged in providing the commodities or contractual services that are under Bid, a copy of the statement specified in subsection (1).
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under this offer, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than three (5) days after such conviction.
- 5) Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
- 6) Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

COMPANY NAME

OFFEROR'S SIGNATURE

Must be executed and returned with attached proposal at time of opening to be considered.

NON-COLLUSION AFFIDAVIT

State of Arizona)
) ss.
County of)

_____, affiant,

the

(Title)

(Contractor/Offeror)

the persons, corporation, or company who makes the accompanying Proposal, having first been duly sworn, deposes and says:

That such Proposal is genuine and not sham or collusive, nor made in the interest of, or behalf of, any persons not herein named, and that the Offeror has not directly or indirectly induced or solicited any other Offeror to put in a sham Offer, or any other person, firm or corporation to refrain from bidding, and that the Offeror has not in any manner sought by collusion to secure for itself an advantage over any other Offeror.

(Title)

Subscribed and sworn to before me

This _____ day of _____, 20_____

Signature of Notary Public in and for the

State of _____

County of _____

References

(This Form Must Be Submitted With Offer)

BACKGROUND

Name: _____

Address: _____

—

Telephone No.

Facsimile No.

Year Established

Year Established in Arizona

- Provide resumes for each person providing services to the account. Include location, education, professional qualifications, experience and length of time with the firm.
- Provide the names of the person(s) who will be responsible for day-to-day service:

Principal

Alternate (if any)

REFERENCES

- Provide a list of at least three current local references your firm has serviced over two years for accounts of a similar nature and size in regard to program design and format:

Company

Contact

Telephone No.

Company

Contact

Telephone No.

Company

Contact

Telephone No.

SAMPLE CONTRACT

THIS CONTRACT made and entered into on _____, 20____, by and between the Governing Board of _____ School District No. ____, hereinafter referred to as the SCHOOL DISTRICT, and _____, hereinafter referred to as the AUDIT FIRM.

RECITALS

In accordance with the authority granted under the laws of the State of Arizona, the SCHOOL DISTRICT wishes to procure the services of the AUDIT FIRM to perform (a biennial) **-or-** (an annual) financial statement audit of _____ School District No. ____— Government-Wide and Fund Financial Statements for the year(s) ending June 30, 20____, in accordance with generally accepted auditing standards and Government Auditing Standards (GAS), issued by the Comptroller General of the United States. The AUDIT FIRM will issue appropriate audit reports.

-OR-

In accordance with the authority granted under the laws of the State of Arizona, the SCHOOL DISTRICT wishes to procure the services of the AUDIT FIRM to perform an annual single audit of _____ School District No. __— Government-Wide and Fund Financial Statements for the year(s) ending June 30, 20____, in accordance with generally accepted auditing standards; Government Auditing Standards (GAS), issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. The AUDIT FIRM will issue appropriate audit reports.

The AUDIT FIRM and the SCHOOL DISTRICT desire to enter into and execute a written contract involving these services and to agree upon the terms thereof.

NOW, THEREFORE, in consideration of the foregoing recitals and of the covenants and agreements made by the parties, the parties agree as follows.

AGREEMENT

The AUDIT FIRM, as an independent contractor, and not as an agent of the SCHOOL DISTRICT, shall provide the services.

Term of Agreement

The term of this Agreement shall be for the period beginning _____, 20____, and ending _____ (Note: Specified dates should cover the time period the AUDIT FIRM will be performing the services). The SCHOOL DISTRICT assumes no liability for work performed or costs incurred prior to the contract beginning dates or subsequent to the completion dates.

The audit reporting package will be submitted no later than _____, 20____ (Note: Date may not be later than 9 months after the fiscal year end).

The AUDIT FIRM shall provide ____ copies of the audit reporting package to the SCHOOL DISTRICT; one copy to the State of Arizona, Office of the Auditor General; and one copy to the Arizona Department of Education (ADE) Audit Resolution Unit.

-OR-

The audit reporting package will be submitted no later than _____, 20____ (Note: Date may not be later than the report submission date required by OMB Circular No. A-133).

The AUDIT FIRM shall provide ____ copies of the audit reporting package to the SCHOOL DISTRICT; one copy to the State of Arizona, Office of the Auditor General; and one copy to the Arizona Department of Education (ADE) Audit Resolution Unit.

Additionally, the AUDIT FIRM shall submit **one** copy of the audit reporting package and data collection form to the Federal Audit Clearinghouse using the Federal Audit Clearinghouse's Internet Data Entry System at the Web address below.

<http://harvester.census.gov/fac/collect/ddeindex.html>

In addition to the copies provided above, the AUDIT FIRM shall also provide **one** copy of the audit reporting package to other pass-through entities when the schedule of findings and questioned costs discloses audit findings related to federal awards that the pass-through entities provided or the summary schedule of prior audit findings reports on the status of prior findings related to federal awards that the pass-through entities provided.

The AUDIT FIRM will make no other distribution unless approved by the SCHOOL DISTRICT.

Data Collection Form

To comply with OMB Circular No. A-133, the AUDIT FIRM and SCHOOL DISTRICT shall complete the data collection form approved by the OMB as instructed.

Audit Reporting Package

The audit reporting package shall include the following:

1. Financial Statements, including the AUDIT FIRM's opinion thereon

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

-OR-

To comply with OMB Circular No. A-133, the audit reporting package shall include the following:

2. Financial Statements, including the AUDIT FIRM's opinion thereon

Schedule of Expenditures of Federal Awards, including the AUDIT FIRM's opinion thereon

Summary Schedule of Prior Audit Findings

Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular No. A-133

Schedule of Findings and Questioned Costs

Corrective Action Plan

Uniform System of Financial Records (USFR) Compliance

The AUDIT FIRM will also complete the USFR Compliance Questionnaire and submit it, along with management letters the AUDIT FIRM issues to the SCHOOL DISTRICT, to the Auditor General and to ADE. For a biennial audit, the compliance questionnaire is only required to be completed for the second year of the 2-year audit period. The Auditor General will determine whether the SCHOOL DISTRICT has established and maintained the requirements prescribed by the USFR at a satisfactory level. **Assertions on the USFR Compliance Questionnaire made by the AUDIT FIRM must be adequately supported in the audit documentation.**

Audit Standards

The AUDIT FIRM attests that it meets the independence standards of and will conduct the audit in accordance with generally accepted auditing standards and GAS. Standards adopted by the American Institute of Certified Public Accountants have been incorporated into GAS unless the United States Government Accountability Office has excluded them by formal announcement.

-OR-

The AUDIT FIRM attests that it meets the independence standards of and will conduct the audit in accordance with generally accepted auditing standards, GAS, and OMB Circular No. A-133. Standards adopted by the American Institute of Certified Public Accountants have been incorporated into GAS unless the United States Government Accountability Office has excluded them by formal announcement.

Exit Conference

After completing the draft reports, the AUDIT FIRM must hold an exit conference with responsible SCHOOL DISTRICT officials. The purpose of the exit conference is to discuss the draft audit reports with the SCHOOL DISTRICT, identify any errors, and obtain comments on the reports' findings and recommendations. In addition, the AUDIT FIRM should review the District's USFR noncompliance findings with the SCHOOL DISTRICT officials.

Payments and Compensation

Total compensation, including travel and out-of-pocket expenses, shall not exceed \$_____. **(Note: If a multi-year contract or an option-to-renew contract, the SCHOOL DISTRICT should separately list compensation for each year.)**

The SCHOOL DISTRICT shall pay the AUDIT FIRM in installments based on written monthly progress reports and monthly invoices for work accomplished to date. *In accordance with OMB Circular No. A-133, the allowable charges for federal awards may be calculated as a direct cost or an allocated indirect cost.*

The final ____ percent of the annual contract amount or \$_____, whichever is greater, will be withheld by the SCHOOL DISTRICT until all written reports are accepted in final form.

All audit work, drafts, and final reports must be completed in a timely manner. For each week after _____, that all reports are not received by the SCHOOL DISTRICT, the AUDIT FIRM will be penalized with a ____ percent reduction in the audit fee.

Changes in Work

Changes in the scope, character, or complexity of the work may be negotiated if it is mutually agreed that such changes are desirable and necessary. Such changes must be authorized in writing by the SCHOOL DISTRICT **and approved by the Auditor General, prior to the performance of the work.**

Responsibility, Claims, and Liabilities

The AUDIT FIRM hereby agrees to hold the SCHOOL DISTRICT or any of its officers or employees harmless from all sums the SCHOOL DISTRICT or any of its officers or employees may be obligated to pay by reason of any liability imposed upon any of them for damages arising out of the AUDIT FIRM's performance of professional services for the SCHOOL DISTRICT in the AUDIT FIRM's capacity as a contract auditor; or caused by any error, negligence, omission, or act of the AUDIT FIRM or any person employed by it or others for whose acts the AUDIT FIRM is legally liable. The above sums shall include, in the event of any legal action, court costs, litigation expenses, and reasonable attorney fees.

Assignments

The contract may not be assigned by the AUDIT FIRM without prior written consent of the SCHOOL DISTRICT and the Auditor General.

Compliance with Laws

The AUDIT FIRM shall comply with all federal, state, and local laws, ordinances, rules, and regulations applicable to the performance of this contract and the work hereunder, including Arizona Revised Statutes (A.R.S.) §§35-391.06(A) and 35-393.06(B), and shall comply with applicable laws and regulations governing safety and health.

The AUDIT FIRM shall procure all permits and licenses; pay all charges, fees, and taxes; and give all notices necessary and incidental to the work to be performed.

Jurisdiction

This contract and all work hereunder shall be subject to the laws, rules, regulations, and decrees of the State of Arizona, including *Arizona Administrative Code R4-44-101 et seq.* In the event of litigation between the AUDIT FIRM and the SCHOOL DISTRICT, litigation shall be commenced and prosecuted in an appropriate court of competent jurisdiction within the State of Arizona.

In the event of a dispute, the parties agree to use arbitration insofar as required by A.R.S. §12-1518.

Retention of Records and Access to Documents

The AUDIT FIRM shall retain the audit documentation in its entirety for a period of 5 years after the date of issuance of the audit reports, unless the Auditor General requests a longer retention period. The audit documentation shall be subject at all reasonable times to review upon request by the Auditor General or her designee, ADE, the United States Government Accountability Office, and other appropriate governmental agencies, or produced for review at the Office of the Auditor General, if so requested.

Failure to Perform

Failure to perform any and all of the terms and conditions of this contract shall be deemed a substantial breach thereof and give the SCHOOL DISTRICT cause to cancel this contract on written notice to the AUDIT FIRM. In the event of cancellation for breach of this contract, the AUDIT FIRM shall not be entitled to damages and agrees not to sue the SCHOOL DISTRICT for damages therefore. Notwithstanding other legal remedies that may be available to the SCHOOL DISTRICT because of the cancellation for breach of this contract, the AUDIT FIRM agrees to indemnify the SCHOOL DISTRICT for its costs in procuring the services of a new audit firm.

Nondiscrimination

The AUDIT FIRM shall comply with all applicable federal and state statutes, executive orders, regulations, and other requirements relating to civil rights and nondiscrimination in employment.

Inability to Complete Audit

If the AUDIT FIRM is unable to complete the audit on account of circumstances beyond its control and through no fault of the AUDIT FIRM, the AUDIT FIRM may cancel this agreement by giving the SCHOOL DISTRICT written notice. In the event of such cancellation, the SCHOOL DISTRICT shall be liable to the AUDIT FIRM only for the work performed up to and including the date of the notice and shall pay for hours completed on the audit based on the rates, which include travel and out-of-pocket expenses, submitted by the AUDIT FIRM in its proposal.

Cancellation of School District Contracts

The SCHOOL DISTRICT reserves the right to suspend the provisions of the contract for any year in which the SCHOOL DISTRICT expends less than the qualifying amount of federal awards set forth in OMB Circular No. A-133. The SCHOOL DISTRICT shall notify the Auditor General of any suspension of the contract for this cause. [Note: The SCHOOL DISTRICT may still be required to have an annual or biennial financial statement audit performed in accordance with A.R.S. §15-914(A). In that case, see the Changes in Work section above.]

Pursuant to A.R.S. §38-511, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this agreement on behalf of the SCHOOL DISTRICT is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of the AUDIT FIRM in any capacity or a consultant to the AUDIT FIRM with respect to the subject matter of the agreement, the SCHOOL DISTRICT may cancel the agreement within 3 years of execution of the contract without penalty or further obligation, and any fee paid to such person may be recouped.

Contracts and Amendments

The Request for Proposals, statement of qualifications, and the actual proposal from the AUDIT FIRM with appropriate addenda and terms, are by reference incorporated herein as if fully set forth in this agreement.

This agreement, its exhibits, appendices, attachments, and Request for Proposals and actual proposal, including any amendment to the agreement, shall constitute the entire contract between the parties. In the event a conflict exists between this agreement and the AUDIT FIRM's proposal, the conflict will be resolved consistent with this agreement and the Request for Proposals.

THIS CONTRACT shall become effective after approval by the Auditor General and on the date of execution by the SCHOOL DISTRICT.

(SCHOOL DISTRICT ADMINISTRATOR)

BY: _____

TITLE: _____

DATE: _____

(AUDIT FIRM)

BY: _____

TITLE: _____

DATE: _____

TIN: _____

(TAXPAYER IDENTIFICATION
NUMBER)