



**Santa Barbara
Unified**
SCHOOL DISTRICT

Request for Proposals

Professional Audit Services
Annual Financial Statement
Agreed Upon Procedures for Fiscal Accountability
General Obligation Bond Performance Audit

Proposal Deadline Date
Friday, February 17, 2012
2:00 P.M.

Submit Proposals To
Meg Jetté
Assistant Superintendent of Business
Santa Barbara Unified School District
720 Santa Barbara Street
Santa Barbara, CA 93101
Phone: 805.963.4331 ext.6230
Fax: 805.963.1916

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Request for Proposals 2011-12 Professional Audit Services

Annual Financial Statement Background

The Santa Barbara Unified School District (SBUSD) is pleased to issue this Request for Proposals (RFP) for Professional Audit Services. SBUSD is seeking proposals from professional and qualified firms to perform independent audit services regarding the performance of the required annual District audit.

The SBUSD is a newly unified school district pursuant to the provisions of the "Thompson Bill". Although the former Santa Barbara Elementary and Secondary Districts merged to become the Santa Barbara Unified School District, the other feeder districts into the former Santa Barbara Secondary District "opted out" of the unification and continue as independent operating elementary feeder districts in the unified district. The District is located in Santa Barbara County and serves a geographical area in excess of 136 square miles. The District's projected student population is 13,344 (excluding charter schools) for the 2011-12 school year. The District operates nine elementary schools, four junior high schools, three comprehensive high schools, a continuation high school, an alternative school and three charter schools, two of which are independent. The 2011-12 budget is approximately \$121 million in the general funds. The District maintains records in accordance with the requirements of the California School Accounting Manual as periodically published by the California State Department of Education. The District is fiscally accountable pursuant to Education Code Section 42650.

Revenues, appropriations, encumbrances, inventory, and expenditures are maintained with the use of QSS software. Attendance is maintained using Aeries/Eagle software. The District recently passed general obligation bonds in the amount of \$35,000,000 in the former elementary District and in the amount of \$75,000,000 in the former secondary District.

Fiscal department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the District. The District will provide the auditor with reasonable workspace, desks, chairs, and electrical outlets. The auditors will have access to a telephone line, photocopying facilities, and a FAX machine. Report preparation, editing, and printing shall be the responsibility of the auditor with a minimum of twelve completed audit copies to be submitted to the District in addition to copies to appropriate and required federal, state, and county agencies.

The potential arrangement consists of an initial one-year agreement, which is annually renewable at the option of the SBUSD Board of Trustees for two (2) additional one-year periods.

Unless extended by an amendment to the RFP, the due date and time for the receipt of proposals is on or before Friday, February 17th, 2012 at 2:00 p.m. PST, at the Business Office of the Santa Barbara Unified School District located at 720 Santa Barbara Street, Santa Barbara, CA 93101.

Firms are strongly encouraged to submit any comments or exceptions to the RFP materials including the anticipated basis of the agreement, as described above.

**Please submit seven (7) proposal copies.
Receipt of proposals is required on or before Friday, February 17th, 2012.**

Please make your proposal valid for District acceptance through March 16th, 2012.

Please be kind enough to direct any written inquiries *via* facsimile transmission at 805.963.1916 to the attention of Meg Jetté, Assistant Superintendent for Business. General information regarding SBUSD is available *via* the Internet at <http://www.sbsd12.org> or *via* the telephone at (805) 963-4338 ext. 6222. We appreciate your consideration and we look forward to receiving an excellent and competitive proposal from your firm.

Instructions and Conditions

1. Definitions:

- a) As used herein, "RFP" means this Request for Proposal, RFP 2011-12 AUDIT.
- b) As used herein, "District" or "SBUSD" means the Santa Barbara Unified School District.
- c) As used herein, "Respondent" means the Firm or Contractor submitting a Proposal.
- d) As used herein, "Offer" means the Proposal.
- e) As used herein, "Contract" means an associated Agreement with the District.

2. Preparation of Proposals:

a). Contents Of Proposal. Respondents must submit an original proposal and seven (7) copies (total of eight). All proposals shall address the following items in the order listed below. The proposal is to demonstrate the qualifications, competence and capacity of the firm as well as specify the audit approach in conformity with all federal, state, District, and local requirements.

i). Cover Letter, stating the validity of the firm and irrevocable proposal/offer through and including March 16th, 2012, and other appropriate items. The proposal must bear the signature of a person duly authorized to sign the proposal on behalf of the Respondent, and reference this RFP and accept its terms and conditions or clearly and conspicuously indicate any exceptions.

ii). Description of Firm. This section should provide a brief description of the firm and statement of interest and qualifications for providing the requested services, including information regarding the size, location, nature of work performed, and years in business, and approach that will be used in meeting the needs of the District.

The Respondent should provide an affirmative statement that it is independent of the District as defined by generally accepted auditing standards. The firm should list and describe the firm's professional relationships involving the District for the last five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit services. Also, the firm shall give the District written notice of any professional relationships entered into during the period of this agreement.

iii). Consultant's Personnel. Submit resume(s) or profiles of the individual(s) who will be assigned to provide the requested services, including their qualifications and recent related experience providing similar services, including a designation of principal in charge on this engagement.

The Respondent should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which this engagement would be performed, and the number/nature of the staff to be employed in this engagement on a full-time and on a part-time basis. An affirmative statement should be included that the firm and all assigned key professional staff are currently and properly certified or licensed to perform the services.

iv). Capacity & Methodology. Use this section to address the ability of the firm to undertake and accomplish the required scope of services for which you are requesting consideration.

Annual Financial Audit

Per Education Code Section 41020, school districts must provide for an audit of the books and accounts of the district, including an audit of income and expenditures by source of funds. The audit must be performed in compliance with the Governmental Auditing Standards issued by the Comptroller General of the United States and must include all funds of the District, including all student body and cafeteria funds and accounts and any other funds under the control of the District. The audit must also include an audit of pupil attendance procedures. SBUSD is requesting proposals for the performance of the 2011-12 Annual Financial Audit, which is annually renewable at the option of the SBUSD board for two additional one-year periods.

Agreed-upon Procedures for Fiscal Accountability

SBUSD is requesting proposals for the performance of Agreed-upon Procedures for Fiscal Accountability for 2011-12, which is annually renewable at the option of the SBUSD board for two additional one-year periods. The agreed-upon procedures engagement must be performed in accordance with Statements on Standards for Attestation Agreements No. 10, *Attest Engagements*. The procedures must include:

- 1) Review of the District's policies and procedures to obtain sufficient documentation to complete the Fiscal Accountability Checklist provided by the Santa Barbara County Education Office. Each question must be answered with either "Meets Requirements" or "Needs Improvement".
- 2) Prepare a report for the District's Board of Trustees and the Santa Barbara County Education Office. The report must include the completed Fiscal Accountability Checklist with comments for any "Needs Improvement" areas along with recommendations for improvement and comments on the District's corrective action plans.

General Obligation Bond Performance Audit

SBUSD is requesting proposals for the performance of the 2011-12 General Obligation Bond Performance Audit, which is annually renewable at the option of the SBUSD board for two additional one-year periods. The audit must conform to Proposition 39 requirements, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles and conducted in accordance with the Governmental Auditing Standards issued by the Comptroller General of the United States. A report must be prepared that states whether the District has complied with all compliance requirements over the deposit and use of the bond funds.

v). Past Performance. Description of past performances of similar service and related experience. The Respondent is also required to submit a copy of the report regarding its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the last three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations. The firm will list the most relevant and significant engagements performed in the last five (5) years that are similar to the size of engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. The firm will indicate the scope of work, date engagement partners, total hours, and the name and telephone number of the principal client contact.

vi). Customer Service to SBUSD Commitment. Describe how the firm will provide service and fulfill the requirements and expectations of the District. Provide a description of how services will be performed by Respondent. Respondents are encouraged to provide additional information or description of resources the firm feels is pertinent to the RFP. Include letters of reference or testimonials. Ongoing commitment to providing outstanding customer service, professional development/education of staff and the number and type of employees must be indicated.

vii). Professional Audit Services Fee. Using the attachment Exhibit A, provide a standard Fee Schedule for the specific tasks required by the scope of services. Fees should distinguish hourly rates, shift rates, costs per sample, etc. for each type of work as appropriate, and should qualify rates for regular, overtime, and holiday work, if applicable. All rates must be inclusive of all costs, overhead, general administrative costs, mileage and travel, materials, labor, indirect and direct costs, fees, profit, etc. Any annual fee escalation for option years 2 or 3 must be indicated.

viii). Firm Financial Statement

ix). Respondents shall execute and submit with any proposal/offer, the attachment 1 "Firm Proposal/Offer Form."

x). Each Respondent must answer the questions in Attachment 2 of the RFP entitled: "Information Required of Respondent." Note: Questions may be answered in other sections of the proposal if clearly and conspicuously identified.

xi). Each Respondent must propose a Schedule of Fees and Charges (pricing) for the initial year and each of two (2) renewal option years.

xii). One original and seven copies of the proposal shall be sealed together and submitted by no later than 2 p.m. on Friday, February 17th, 2012. Proposals shall be delivered to the attention of Meg Jetté, Assistant Superintendent of Business, at the Business Office of the Santa Barbara Unified School District located at 720 Santa Barbara Street, Santa Barbara, CA 93101

It is the sole responsibility of the firm submitting the proposal to ensure that it is actually received by the District prior to the deadline time and due date and at the proper location. Unless this RFP is extended by a written amendment, proposals received after 2 p.m. on the due date will not be considered.

xiii). Proposals shall be completed in all respects as required by the instructions herein. A proposal may be rejected if it is conditional or incomplete, or if it contains alterations of form or other irregularities of any kind. A proposal will be rejected if, in the opinion of the District, the information contained therein was intended to mislead the District in the evaluation of the proposal.

xiv). The proposal submitted must not contain erasure, interlineations, or other corrections unless each correction is clearly and conspicuously authenticated by signing in the margin immediately opposite the correction the name of the person signing the proposal. A Respondent will be bound by the terms and conditions of the proposal, notwithstanding the fact that errors may be or are contained therein. However, if material errors are actually discovered in a proposal, the District will notify the Respondent that the proposal, as submitted, appears to contain errors and require the Respondent to correct the errors.

xv). The District reserves the right to award the Agreement as a result of the initial proposals received, or it may elect to conduct negotiations with those Respondents as determined by the District, to be within an acceptable competitive range, or to negotiate separately with any Respondent when it is determined to be in the best interest of the District. In addition, the District may request that Respondents provide a best and final offer.

xvi). The District may request meeting with the Respondent's representative to request answers and clarifications or it may request that the Respondent answer specific questions in writing, or to make a presentation to the District or to its Governing Board prior to any Agreement award.

xvii). The District may reject any or all proposals, and may waive informalities and minor irregularities in proposals received.

xviii). All proposals and materials submitted in response to this RFP shall become the property of the District and shall be considered a part of the Public Record.

xix). After acceptance of the proposal by the District, a contract between the successful firm and the District will be executed and will consist of the terms and conditions of this RFP.

3. Explanations to Respondents

- a) If a Respondent desires an explanation or clarification of any kind regarding this RFP, the Respondent must make a written request for such explanation. Requests should be addressed to Meg Jetté, Assistant Superintendent for Business, Santa Barbara Unified School District located at 720 Santa Barbara Street, Santa Barbara, CA 93101. The District will advise all Respondents known to have received a copy of the RFP of the explanation or clarification, either by letter or formal RFP amendment via facsimile as the District may in its sole discretion deem appropriate.
- b) If a Respondent discovers any error such as an ambiguity, conflict, discrepancy, omission, or other error in the RFP, then the Respondent shall immediately notify the District in writing.

4. Amendments

Respondents are advised that the District reserves the right to amend this RFP at any time. Amendments will be done formally by providing written amendments to all potential Respondents known to have received a copy of the RFP. If in the sole and absolute discretion of the District, the change is of such nature that additional time is required for Respondents to prepare proposals, the District will change the due date deadline and notify all known Respondents in writing of the revised deadline due date.

- a). Respondents must acknowledge receipt of any and all RFP amendments. This shall be done by any one of the following means:
 - i). in the cover letter or proposal.
 - ii). by signing and returning a copy of the amendment.
 - iii). by letter, fax or telegram, but NOT by telephone.
- b). Regardless of the delivery method employed by the Respondent, acknowledgement of receipt of amendments must be actually received by the District prior to the specified deadline. Failure to acknowledge in writing the receipt of any amendments may result in proposal rejection.

5. Validity of Firm Proposal/Offer

Each proposal/offer must be a firm irrevocable offer, and remain open and valid for District acceptance through March 16, 2012.

6. Submitting Proposals

Faxed or electronic RFPs and modifications will NOT be considered.

7. Modification or Withdrawal of Proposal

A Respondent may modify or withdraw a proposal after submission by written notice of withdrawal and re-submission provided that the proposal withdrawal is prior to the due date deadline specified for submission of proposals.

8. Late Proposals

No proposal or proposal modification received after the due date deadline will be considered.

9. Proposal Evaluation

- a). It is anticipated that a contract will be made with the Respondent whose proposal is determined to be in the overall best interest of the District by applying the evaluation criteria established in this RFP.
- b). During the evaluation, the District may request proposal clarifications, explanations and answers from a respondent. The District may request a respondent presentation and interview.

10. Evaluation Criteria

Respondents are advised that all proposals will be evaluated to determine which proposal is the overall best interest to the District. Accordingly, evaluation will include but not be limited to the following criteria:

- i). Qualification. To be considered, each of the following three items are required: (1) the audit firm is independent and licensed to practice in California; (2) the firm has no conflict of interest with regard to any other work performed by the firm for the District; and (3) the firm submits a copy of its last external quality review report and the firm has a demonstrable record of quality audit work.
- ii). Past Performance. Experience and expertise of the firm in providing similar services to other public entities, especially a school district, and including the firm's experience and performance on comparable size school district engagements.
- iii). Professional qualifications and specialized experience of the proposed staff including the quality of the firm's professional personnel to be assigned to the engagements and the quality of the firm's management support personnel to be available for technical consultation; and the adequacy of the proposed staffing plan for various segments of the engagement and adequacy of analytical procedures.
- iv). Current capacity and likelihood of the firm to accomplish the services herein for the duration of the time frame.
- v). Completeness and clarity of proposal content.
- vi). Fees and overall cost to District.
- vii). If desired by the District to aid in the facilitation of evaluation, an oral interview and presentation.

10. Agreement Requirements

The firm selected will also be required to promptly enter into the Agreement, Attachment 3 with the District. Particular attention should be paid to the following:

- a). Insurance
The District requires that its Consultant carry Professional Liability Insurance coverage of at least \$2,000,000. This insurance is to be paid by the Respondent. In addition the Respondent must provide comprehensive liability, automobile liability and worker's compensation insurance coverage.
- b). Fingerprinting and Criminal Background Investigations
The firm must execute a Certification by Contractor, Criminal Records Check District form prior to the performance of any work.
- c). Compensation and Payment
The agreement will be based upon a not to exceed amount for the first year mandated 3-year re-inspection of all District sites. Consultants will be paid for completed work performed at the agreed upon rates indicated in the Firm Proposal/Offer Form. All invoices must be fully supported and detailed and reflect any actual time spent and units of work provided/completed.

11. Schedule/Work Priorities

Audit Services are to commence immediately upon proposal acceptance by the District.

The Annual Financial Audit, Agreed-upon Procedures for Fiscal Accountability Engagement, and the General Obligation Bond Performance Audit must be completed and the reports delivered to the District's Board and Santa Barbara County Education Office no later than December 5, 2012. A draft of each report will be available for review no later than November 20, 2012. Progress reports will be provided as requested by the District.

At a minimum, the following reports must be provided (12 bound copies):

Annual Financial Audit

- 1) Independent auditor's report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Santa Barbara Unified School District for the fiscal year ending June 30, 2012.
- 2) Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Governmental Auditing Standards.
- 3) Report on compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133.
- 4) Independent auditor's report on state compliance.
- 5) Management letter, with recommendations, commenting on internal control weaknesses.

Agreed-upon Procedures for Fiscal Accountability

- 1) Report on agreed-upon procedures performed, including the completed Fiscal Accountability Checklist with comments and recommendations for improvement.

General Obligation Bond Performance Audit

Report on compliance with a Performance Audit report, as required by Proposition 39 that is conducted in accordance with *Government Auditing Standards*.

**Attachment 1
Firm Proposal / Offer Form**

This Proposal/Offer Form must be duly executed and submitted with any proposal/offer to SBUSD.

The Respondent hereby agrees that its proposal/offer is subject to all RFP provisions, terms and conditions, attachments, exhibits, amendments and other applicable materials which are attached or incorporated by reference. Respondent hereby agrees to promptly enter into an agreement in substantial accordance with such RFP provisions, terms and conditions.

The Respondent hereby agrees that its attached proposal/offer of which this is part, is a firm and irrevocable offer and valid for acceptance by SBUSD for the period through and including February 16th, 2012.

The Respondent hereby agrees that if its proposal/offer is accepted by SBUSD that it shall provide the audit services in accordance with the RFP, as it may be amended.

Financial Audit Services Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Fiscal Accountability Agreed-upon Procedures Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

General Obligation Bond Performance Audit Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Renewal Option 1:

Financial Audit Services Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Fiscal Accountability Agreed-upon Procedures Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

General Obligation Bond Performance Audit Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Renewal Option 2:

Financial Audit Services Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Fiscal Accountability Agreed-upon Procedures Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

General Obligation Bond Performance Audit Fee \$ _____
(not to exceed) for Fiscal Year 2011-12 ending June 30, 2012

Name of Person Duly Authorized to Execute this Proposal/Offer: _____

Duly Authorized Signature _____

Title: _____

Date of this Proposal/Offer _____

Respondents Name _____

Respondents Address: _____

Respondents Telephone: _____

Respondents Facsimile: _____

Attachment 2 Information Required of Respondent

The Respondent shall furnish all the following information accurately and completely. Failure to comply with this requirement may cause a proposal rejection. Additional sheets may be attached if necessary. “You” or “your” as used herein refers to the Respondent’s firm and/or any of its owners, officers, directors, shareholders, parties or principals.

If the same information is provided elsewhere in your proposal and qualification materials, then please clearly identify such in the following questions.

Please be advised that the District may request verbal or written clarifications or additional information or an interview or presentation at any time.

- 1) List of California and other school district financial audits, general obligation bond performance audits, and agreed-upon procedures engagements previously performed or currently contracted to perform, including the fiscal year audited/performed and which office performed the audit/services. Specify the type of district for each engagement, such as elementary school district, secondary school district, and unified school district.
- 2) Definition of “generally accepted government auditing standards” and how they will be used in performing the requested services.
- 3) Experience reporting on compliance with OMB Circular A-133.
- 4) The arrangement consists of an initial one-year contract, which is annually renewable at the option of the SBUSD Board for two additional one-year periods. Describe staff rotation plans for the audit/engagement team, including the partner(s), if the contract is renewed by the Board after the initial one-year contract term.
- 5) Provide your understanding of and experience with fiscally accountable school districts. Provide a detailed explanation of the difference between a fiscally accountable school district and a non-fiscally accountable school district.
- 6) Explain your approach to performing audit and agreed-upon procedures engagements, including the methodology, nature, timing, and extent of procedures to be performed.
- 7) Provide a statement regarding the proposer’s independence from the District and state any relationship between the audit/engagement team members and any employees of the District and the members of the Board of Trustees.
- 8) Describe the continuing professional education in governmental accounting and auditing received by the audit/engagement team members in the last two years.
- 9) List and provide the qualifications of any outside professional consultants that will be used to assist the team members in performing their audit/engagement duties.
- 10) Describe the level of assistance that will be expected from SBUSD personnel, including the internal auditor.
- 11) Provide proposed budgeted hours and timelines for each engagement, including dates of any interim fieldwork.

Attachment 3 – General Information

(1) Firm name, address and contact information:

(2)

Telephone: _____
Facsimile: _____
Internet Address: _____

(3) Type of firm: (circle one)

Individual Partnership Corporation State

(4) Names and titles of all principals/officers of the firm:

Name	Title	Phone Number
_____	_____	_____
_____	_____	_____
_____	_____	_____