

# **Invitation for Bid And Contract**

## **Nonprofit Tennessee Public Charter School Audit Service**



## **Ivy Academy Chattanooga**

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## **SECTION 1 INSTRUCTIONS TO AUDIT FIRMS**

### **REQUEST FOR PROPOSAL**

Financial and Compliance Audit for Ivy Academy Chattanooga Public Charter School within Hamilton County, Tennessee (Local government audit).

#### **Purpose**

Ivy Academy, hereafter noted as, IA, has issued this request for proposals from interested auditors, who are qualified under state law and regulations, for the performance of a financial and compliance audit of IA in accordance with the requirements of the laws and/or requirements of the State of Tennessee.

This audit shall be for the period beginning **July 1, 2014** and ending **June 30, 2015**, with options for renewal for the two subsequent audit periods for the 2015-2016 and 2016 – 2017 school years. A bid for a one year, with renewable options for the following two years is requested, with costs defined per year.

#### **Scope**

The auditor shall perform a financial and compliance audit of the financial statements of all funds and grant contracts of the local government.

#### **Type of Audit**

The auditor shall conduct the audit in accordance with Government Auditing Standards and requirements prescribed by the Comptroller of the Treasury, State of Tennessee. If applicable, the audit should be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-133 and any other applicable federal management circulars.

#### **Bid Period**

The bid should be submitted on or before April 30 , 2015.

#### **General Requirements**

1. The auditor shall, as part of the written audit report, submit to the organization's governing body a report containing an expression of an opinion that the financial statements are fairly presented, or an opinion qualified as to certain funds or items in the financial statements, a disclaimer of opinion and the reasons therefore, or an adverse opinion, and shall explain in every detail any unusual items or circumstances under which the auditor was unable to reach a conclusion. This report shall state that generally accepted government auditing standards have been followed in the audit.

2. The auditor's opinion shall be expressed on the opinion units identified in the AICPA Audit and Accounting Guide: Audits of State and Local Governmental, as well as the additional requirements in the State of Tennessee Department of Audit Audit Manual.

3. The auditor shall furnish copies of the report to the governing body. The auditor shall file copies of said report with the Comptroller of the Treasury, and with the appropriate officials of the granting agencies listed below: Miscellaneous - Section APP.E APP.E-11 June 20134 8

The Ivy Academy Board of Directors

Tennessee Comptroller of the Treasury

4. If a management letter or any other reports or correspondence relating to findings or recommendations are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no material matters not also disclosed in the findings found in the published audit report).

**5. The audit shall begin prior to August 1, 2015, and the reports shall be submitted prior to October 1, 2015,** but in no case shall be filed later than six (6) months after the fiscal year-end.

6. Pertinent data from the working papers shall be available for three years for reference if requested by the local government.

7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in Tennessee Code Annotated, § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management and those charged with governance and the auditor for such additional investigation.

8. An audit exit conference with those charged with governance will be conducted by the auditor in charge. At this time, the findings and recommendations regarding compliance and internal control shall be discussed. Those charged with governance shall have the opportunity to respond in writing, to the findings. Responses shall be included in the audit report.

9. The records of the local government will not be removed from government offices except with expressed written permission of the local government. Miscellaneous - Section APP.E APP.E-12 June 20134 9

10. The audit firm shall state its willingness to enter into a contract for one year, renewable annually for each of the next two years by the local government.

11. All adjusting entries will be submitted to the local government in writing with sufficient explanation so that they can be easily understood and properly posted to the financial records. Example: listing of invoices charged to accounts payable supporting any adjusting entries. Miscellaneous - Section APP.E APP.E-13 June 20134 10 General Information The local government shall have closed and balanced all accounts and shall have prepared financial statements for all funds to be examined by the auditor. Page 12 presents an example that should be expanded to provide the auditor with details of the local government's accounting system.

If additional information is required prior to submitting a proposal, inquiries should be directed to Angie Markum at Ivy Academy, 8520 Dayton Pike, Soddy-Daisy, TN 27279, or by telephone at 423-580-0264.

### **Proposal Format**

The proposal shall be styled at the discretion of the submitter; however, at a minimum it must address these areas:

1. Nature and extent of the firm's governmental auditing experience.
2. A copy of the audit firm's most recent external quality control review report should be provided to the local government.
3. Organization size and structure of the firm.
4. Qualifications of staff to be assigned to the work. Education, position in firm, and years and types of experience will be considered.
5. Availability of the auditor to the local government for specialized consultation and support assistance on sensitive or highly specialized issues.
6. Type and level of training provided to the firm's staff. Assurance that all audit staff assigned to the audit have obtained the necessary hours of continuing professional education required by Government Auditing Standards.
7. The audit fee must be quoted either as a fixed amount or rate per hour, with total estimated hours. If the latter method is used, a maximum amount must be stated for budgetary purposes. Also, estimated incidental expenses, such as travel and supplies, will be included.

**Submittal Information Proposals shall be submitted no later than May 15, 2015 in writing to.**

Ivy Academy  
c/o Executive Director Angie Markum  
8520 Dayton Pike  
Soddy-Daisy, TN 37379

## **Miscellaneous**

- Section APP.E APP.E-14 June 20134 11

### **Opening of Proposals**

All proposals will be opened at the regular meeting of the Ivy Academy Board of Directors in May. Submitters of the winning proposal will be contacted by May 24, 2015.

### **Reservation of Right**

The local government, here, IA Charter School, reserves the right to reject any or all proposals, to waive technicalities or informalities, and to accept any proposal deemed to be in the best interest of the local government.

## **Miscellaneous**

- Section APP.E APP.E-15 June 20134 12

IA utilizes Quickbooks Accounting System

IA's annual budget is approximately \$1.5 million

IA has a general checking account, a construction checking account, a money market account, and two credit card accounts.

Number of debit or credit card expenditures/receipts = approximately 350 per year

Number of checks written = approximately 475 per /year

Payroll Number of employees = approximately 20

Frequency of payroll is once monthly

## **Miscellaneous**

- Section APP.E APP.E-16 June 20134 13 EVALUATION

The following factors should ordinarily be considered during the evaluation:

### **Technical Factors**

1. Does the proposal clearly state an understanding of the work to be performed? Evaluators should consider:  $\frac{3}{4}$  appropriateness and adequacy of proposed procedures.  $\frac{3}{4}$  reasonableness of time estimates.  $\frac{3}{4}$  appropriateness of assigned staff levels.  $\frac{3}{4}$  timeliness of expected completion.
2. Technical experience of firm.
3. Qualifications of staff.
4. Size and structure of firm.

## Cost Factors

Although cost is a significant factor, it should not be the dominant factor. Cost should be given more importance when all the other evaluation criteria are relatively equal. If there is reason to believe that an unreasonably low proposal has been made, it should be rejected. One method of measuring reasonableness is to divide the proposed cost by a reasonable average hourly rate to show hours of effort that might be expected. (Refer to page 184-+ for an example of a proposal evaluation method).

## Miscellaneous

- Section APP.E APP.E-17 June 20134 14 EXAMPLE OF A PROPOSAL EVALUATION METHOD

The following is an example of a method of evaluating proposals. The evaluation formula and the values assigned to the criteria given are for illustration only. Local governments should design formulas and criteria that meet its needs. Total scores will be determined by adding the points received for technical qualifications (maximum of 70 points) to the points received for the cost of the audit (maximum of 30 points). The total score will be determined by the following formula: Technical score for this firm x 70 = Technical score Highest technical score received Lowest cost of all bids x 30 = Cost score Costs of bid for this firm In the event that oral interviews are necessary, additional points will be given on a scale of 0-10. Although the total score will be a significant factor, the local government reserves the right to make the final selection. The evaluation of technical qualifications will be based on the following criteria: Mandatory Criteria Auditors will not be considered unless they meet each of the following criteria:

1. Must be a certified public accountant properly licensed to practice in the State of Tennessee or be in compliance with the requirements of TCA 62- 1-117(a)(1).

2. Must meet the independence standard established by GAO. Formatted: Font: Italic Miscellaneous - Section APP.E APP.E-18 June 20134 15 Technical Criteria Auditors who have met each of the above criteria should be evaluated using the following:

### Point Range

1. Prior experience in auditing local governments. (Consider: size, complexity, etc.) 0-20

2. Organization size and structure of firm. 0-5

3. Qualification of staff, including consultants, to be assigned to the audit. (Education, position in firm, and years and types of experience will be considered.) (0-25) (a) Qualifications and audit team makeup 0-20 (b) Overall supervision to be exercised over audit team by firm's management 0-5

4. Firm's understanding of work to be performed. This will be determined by the approach to the audit and the time estimated to perform each section. (0-20) (a) Audit coverage 0-15 (b) Realistic time estimates of program section 0-5 Technical points 0-70

5. Cost of the audit. 0-30 Maximum points 100

## APPENDIX FC

## **AUDITS PROCEDURES FOR STATE OF TENNESSEE FINANCIAL REPORT**

In order to facilitate the timely preparation of the CAFR for the State of Tennessee, The following audits with June 30 fiscal year ends must be submitted through the CARS system by October 31 of that same each year. The Uniform Contract to Audit Accounts should reflect an October 31st or earlier due date.

Audits with December 31 fiscal year ends should be submitted on or before June 30 of the following year. The Uniform Contract to Accounts an October 31st or Entity Name Relationship to State of TN  
Cleveland State Community College Foundation Cleveland State Community College East Tennessee  
State University Foundation East Tennessee State University University of Memphis Foundation  
University of Memphis University of Tennessee Research Foundation University of Tennessee University  
of Tennessee Foundation, Inc. University of Tennessee University of Chattanooga Foundation University  
of Tennessee East Tennessee State University Research Foundation East Tennessee State University  
University of Memphis Research Foundation University of Tennessee Agriculture Foundation for  
Tennessee Tech, Inc. Tennessee Tech University Medical Education Assistance Corporation East  
Tennessee State University Quality Review Panel Court Order 1996 Tennessee Boll Weevil Eradication  
Foundation, Inc. Component

Bids should be submitted for the three year period in writing to:

Ivy Academy  
c/o AUDIT BID  
8520 Dayton Pike  
Soddy-Daisy, TN 37379

on or before April 30, 2015.