

**REQUEST FOR QUALIFICATIONS  
ANNUAL FINANCIAL AUDITS  
EDUCATION SERVICE CENTER REGION 12  
AND  
HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD, INC.  
RFQ# 2020Auditors**

**UPDATED Monday, March 23, 2020**

**Due to COVID-19 if you need to email your bid, please email as a PDF  
to Aprille Kaska at [akaska@esc12.net](mailto:akaska@esc12.net) (254-297-1245)  
by 10:00 AM, CST, Thursday, April 2, 2020**

March 9, 2020

The Education Service Center Region 12 (the Center) is requesting qualifications from public accounting firms to perform the annual audits for fiscal year 2020 for the Education Service Center Region 12 and Heart of Texas Workforce Development Board, Inc. (HOTWDB).

The Education Service Center Region 12 is the fiscal agent for the Heart of Texas Workforce Development Board.

Requests for qualifications should be submitted in two parts, one for the Center and one for the HOTWDB. The Center reserves the right to accept one or both of the qualifications.

**I. PROCEDURES FOR SUBMITTING PROPOSALS**

**A. Delivery**

Responses to the Request for Qualifications should be addressed to:

Education Service Center Region 12  
Attention: Terry M. Marak  
Chief Financial Officer  
2101 W. Loop 340  
Waco, TX 76712  
(Physical address for UPS, FedEx, etc.)  
Phone: (254) 297-1178

Education Service Center Region 12  
Attention: Terry M. Marak  
Chief Financial Officer  
P.O. Box 23409  
Waco, TX 76702

Qualifications must be received no later than 10:00 a.m., Thursday, April 2, 2020. Qualifications received at the Education Service Center Region 12 office after the time and date specified above will not be considered and will be filed unopened.

**Qualifications must be submitted to the Center in a sealed envelope and clearly marked “Annual Financial Audit Qualifications”. Faxed Qualifications will not be accepted.**

**B. Number of Copies of Qualifications**

Submit six (6) copies of each of the qualifications. The qualifications are to be bound and sealed.

## II. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the Center or the HOTWDB may contact:

Terry M. Marak  
Chief Financial Officer  
tmarak@esc12.net

The Center will only respond to questions submitted via email.

The Center will send addendums to the RFQ to potential accounting firms via email.

## III. PROPOSED SCHEDULE

### Qualifications Timing

Qualifications due to Center April 2, 2020 by 10 am

Approval of firm by Board of Directors April 16, 2020

### Audit Timing (subject to change)

	<u>Center</u>	<u>HOTWDB</u>
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Start final field work	October 26, 2020	Feb –April 2021
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Draft financial statements and management letter due to Finance Department for review	December 4, 2020	March-May 2021
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Presentation of issued financial statements to the appropriate Board of Directors	December 17, 2020	TBD
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## IV. CONTRACT APPROVAL

The Education Service Center Region 12 reserves the right to cancel any contract resulting from this Request for Qualifications at any time, for any reason (or for no reason) with a thirty (30) day written notice to the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice. Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Qualifications (or as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the Center. It is possible that the Board could terminate the relationship at any time.

V. OTHER INFORMATION

- A. Auditors will be allowed to work on site after 5:00 p.m. and on weekends if necessary and desirable. However, it cannot be guaranteed that Staff will be available to answer questions at those times. Arrangements should be made in advance if these after-hours periods are necessary.
- B. The Center's Board of Directors will pass a resolution accepting the written proposals as the understood agreement for services performed and other commitments.

# **PART ONE – EDUCATION SERVICE CENTER REGION 12**

## **I. BACKGROUND INFORMATION**

Auditing requirements for Texas' public school districts and education service centers are contained in the *Texas Education Agency Financial Accountability System Resource Guide*, which is the authoritative document, adopted by reference as a rule of the State Board of Education, through Title 19, Texas Administrative Code, Section 109.41.

Education Service Center Region 12 has approximately 250 employees.

The Center's revenue is from local, state and federal sources. The Center provides workshops to regional school districts on a fee for service basis. The Center receives various state grants through the Texas Education Agency (e.g. State Base, Visually Impaired, etc.). Federal grants are received through the Texas Education Agency and the U. S. Department of Education (e.g. IDEA B, Gear Up, etc.).

The Center's basic services include instruction, counseling, data processing, transportation, business services, technology services, community services and general administration.

The Center's Comprehensive Annual Financial Report for the year ended August 31, 2019 has been included with this Request for Qualifications – Attachment E.

### **A. Purpose of the Audit**

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal year 2020. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 and the *Texas Education Agency Financial Accountability System Resource Guide* for the Center for the fiscal year ending August 31, 2020. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards contained in the *Texas Education Agency Financial Accountability System Resource Guide*.

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the Center has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the Center has adhered to specific financial compliance requirements.

As a part of the audit of the basic financial statements, the annual audit will also include obtaining an understanding of the Center's internal control and reporting any significant

## **PART ONE – EDUCATION SERVICE CENTER REGION 12**

deficiencies or material weaknesses relating to the internal control systems coming to the attention of the auditors. To comply with Uniform Guidance, a study and evaluation of internal control will include internal accounting and administrative controls for all major federal financial assistance programs, in accordance with standards for risk assessment for major federal financial assistance. Any material weakness noted during the study and evaluation of internal accounting and administrative controls and other kinds of noncompliance and questioned costs will be reported in compliance with the Single Audit Act.

As part of the audit of the financial statements, transactions and records pertaining to federal programs will be tested for material compliance with federal laws, rules, and regulations and all instances of noncompliance will be reported to the Center.

The audit will include the performance of certain audit procedures for the purpose of reviewing the accuracy of fiscal information provided by the Center through the Public Education Information Management System (PEIMS), as required by Section 44.008(b) of the Texas Education Code.

The audit will include procedures applicable to compensatory education funds as required by Module 6 of the Financial Accountability System Resource Guide, if required.

### **B. Other Requirements**

1. The accounting firm should provide an annual audit report in a form acceptable to the Texas Education Agency and within the time frame stipulated in TEC 44.008 (d) of 150 days subsequent to the close of the fiscal year for which the audit was made.
2. The Chief Financial Officer and Comptroller would expect to meet with the auditor(s) at least annually. The meeting would be called by the Chief Financial Officer.
3. Due to limited staff, the Center can provide partially completed financial statements and supporting schedules for auditor review at the close of the fiscal year. Attachment B includes a listing of audit schedules that the Center has prepared.
4. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.
5. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Chief Financial Officer prior to commencing the audit assignment each year.
6. Financial statements developed by the Auditor must be in a form that complies with the requirements for the GFOA Certificate of Achievement, the ASBO Certificate of Excellence, and the Texas Education Agency.

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7. All working papers and reports must be retained, at the auditor’s expense, for a minimum of five (5) years, unless the firm is notified in writing by the Center of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to auditors from the Texas Education Agency, the Government Accountability Office, or other applicable governmental agencies; they are not otherwise considered to be records open to the general public.

### **C. Independent Auditor**

The interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and state board of education auditing rules. Public accounting firms that have performed annual audits for similar entities are encouraged to file a proposal.

### **D. Term of the Audit Engagement**

The contract for audit services based upon Board of Directors approval of the proposal will be for the fiscal year ending August 31, 2020. The Center may request to extend this agreement for succeeding years based on approval.

### **E. Dispute Resolution**

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediation center, whose decision will be binding upon both parties.

## **II. PROPOSAL CONTENT**

### **A. Cover Letter**

See conditions for submission of proposal in Section III.

### **B. Technical Component**

To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;

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3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the Center and any of the board members.

### **C. Management Component**

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing school district/government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided. State the average daily attendance of the public schools on the list;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;

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9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
10. Describe staff rotation plans for audit team members if this is to be a multiyear contract;
11. Describe the level of assistance that will be expected from Center personnel, and
12. Provide evidence of the ability to comply with the requirements in Sections II and IV of the Request for Qualifications.

### **D. Task/Activity Plan**

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned.

### **E. Evaluation**

Criteria used to evaluate the interested accounting firm's methodologies, products, and services are shown in Attachment A.

## **III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL**

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The Center reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The Center reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the Center may reasonably require;
- F. The Center will not be liable for any cost incurred in the preparation of qualifications; and

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- G. The Center may ask interested accounting firms to send a representative for an oral interview prior to the Center’s Board of Directors’ approval of a proposal. The Center will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
- H. The Center and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, Education Service Center Region 12 reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions.
- I. Qualifications must be signed by an authorized individual to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a “mistake in Qualifications”, and the Qualifications will be rejected as “non-responsive”.
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal.
- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the Center if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation).
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

### **IV. STATEMENT OF REQUIREMENTS**

- A. The independent auditor will provide one (1) camera ready copy of the final comprehensive annual financial report that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide, the requirements for the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence and a copy in .pdf format.

## **PART ONE – EDUCATION SERVICE CENTER REGION 12**

- B. The independent auditor will be required to submit 20 bound copies of the final audit.
- C. A preliminary draft of the audit report(s) will be presented to the Center ten (10) working days prior to submission of the final draft. Timing of the submission must allow Center personnel sufficient time to review the report.
- D. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the December meeting of the Center's Board of Directors for the financial audit.
- E. The independent auditor will be required to present the audit report to the Center's Board of Directors at the December meeting of the Board of Directors.
- F. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the Center and as provided for in the engagement letter. If a management letter is issued the auditor will provide the Center twenty (20) copies.

## **PART TWO – HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD**

### **I. BACKGROUND INFORMATION**

Auditing requirements for workforce development boards should be conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit should also include a Schedule of Expenditures of Federal and State Awards for additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Nonprofit Organizations*, and the State of Texas Uniform Grant Management Standards.

The HOTWDB offers services to jobseekers, employers, veterans, youth, parents in need of child care, and many other resources for all individuals within a six county area. The HOTWDB's mission is to improve the skills and knowledge of their labor force and assist employers in obtaining the most qualified applicants.

The HOTWDB is comprised of members appointed by the chief elected officials from the six counties served and approved by the Governor of Texas.

As of the close of the 2018 fiscal year, HOTWDB's governmental funds reported combined ending fund balances of \$222,191, an increase of \$3,073 in comparison with the prior year. As of September 30, 2018, unreserved and undesignated fund balance in the General Fund was \$222,191.

The HOTWDB's Comprehensive Annual Financial Report for year ended September 30, 2018 has been included with this Request for Qualifications – Attachment F.

#### **A. Purpose of the Audit**

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal year 2020. The organization-wide audit will encompass the financial statements as required by GASB Statement No. 34 for the fiscal year ending September 30, 2020. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards.

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the HOTWDB has complied with laws and regulations for those transactions and events

## **PART TWO – HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD**

that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the HOTWDB has adhered to specific financial compliance requirements.

As a part of the audit of the basic financial statements, the annual audit will also include obtaining an understanding of the HOTWDB's internal control and reporting any significant deficiencies or material weaknesses relating to the internal control systems coming to the attention of the auditors. To comply with Uniform Administrative Requirements for Federal Awards (Uniform Guidance), a study and evaluation of internal control will include internal accounting and administrative controls for all major federal financial assistance programs, in accordance with standards for risk assessment for major federal financial assistance. Any material weakness noted during the study and evaluation of internal accounting and administrative controls and other kinds of noncompliance and questioned costs will be reported in compliance with the Single Audit Act.

As part of the audit of the financial statements, transactions and records pertaining to federal programs will be tested for material compliance with federal laws, rules, and regulations and all instances of noncompliance will be reported to the HOTWDB.

The audit will include the performance of certain audit procedures for the purpose of reviewing the accuracy of fiscal information provided by the HOTWDB through the Texas Workforce Commission.

### **B. Other Requirements**

1. The accounting firm should provide an annual audit report in a form acceptable to the Texas Workforce Commission.
2. The Chief Financial Officer and Accountant would expect to meet with the auditor(s) at least annually. The meeting would be called by the Chief Financial Officer.
3. Due to limited staff, the Center as the fiscal agent for the HOTWDB can provide partially completed financial statements and supporting schedules for auditor review at the close of the fiscal year. Attachment D includes a listing of audit schedules that the Center as the fiscal agent for the HOTWDB has prepared.
4. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.

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5. The firm upon being awarded this engagement will be expected to review the detailed audit work plan and schedule with the Chief Financial Officer/Accountant prior to commencing the audit assignment each year.
6. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Center as the fiscal agent for the HOTWDB of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to auditors from the Texas Workforce Commission.

### **C. Independent Auditor**

The interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards. Public accounting firms that have performed annual audits for similar entities are encouraged to file a proposal.

### **D. Term of the Audit Engagement**

The contract for audit services based upon the Center's Board of Directors approval of the proposal will be for the fiscal year ending September 30, 2020. The Center may request to extend this agreement for succeeding years based on approval.

### **E. Dispute Resolution**

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediation center, whose decision will be binding upon both parties.

## **II. PROPOSAL CONTENT**

### **A. Cover Letter**

See conditions for submission of proposal in Section III.

### **B. Technical Component**

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To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the HOTWDB and any of the board members.

### **C. Management Component**

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing workforce board/government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;

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7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last four years;
9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the interested accounting firm's staff members;
10. Describe staff rotation plans for audit team members if this is to be a multiyear contract;
11. Describe the level of assistance that will be expected from the Center/HOTWDB personnel, including internal audit staff; and
12. Provide evidence of the ability to comply with the requirements in Sections II and IV of the Request for Qualifications.

### **D. Task/Activity Plan**

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned.

### **E. Evaluation**

Criteria used to evaluate the interested accounting firm's methodologies, products, and services are shown in Attachment C.

## **III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL**

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;

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- C. The Center as the fiscal agent for the HOTWDB reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The Center as the fiscal agent for the HOTWDB reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the Center as the fiscal agent for the HOTWDB may reasonably require;
- F. The Center/HOTWDB will not be liable for any cost incurred in the preparation of qualifications; and
- G. The Center as the fiscal agent for the HOTWDB may ask interested accounting firms to send a representative for an oral interview prior to Center’s Board of Directors’ approval of a proposal. The Center/HOTWDB will not be liable for the costs incurred by the interested accounting firm in connection with such interview.
- H. The Center as the fiscal agent for the HOTWDB and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, Education Service Center Region 12 reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions.
- I. Qualifications must be signed by an authorized individual to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a “mistake in Qualifications”, and the Qualifications will be rejected as “non-responsive”.
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal.
- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the Center as the fiscal agent for the HOTWDB if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation).
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any

## **PART TWO – HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD**

other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

### **IV. STATEMENT OF REQUIREMENTS**

- A. The independent auditor will provide one (1) camera ready copy of the final comprehensive annual financial report that meets the requirements of the Texas Workforce Commission.
- B. The independent auditor will be required to submit 15 bound copies of the final audit.
- C. A preliminary draft of the audit report(s) will be presented to the Center as the fiscal agent of the HOTWDB prior to submission of the final draft. Timing of the submission must allow the Center as the fiscal agent of the HOTWDB personnel sufficient time to review the report.
- D. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the TBD meeting of the HOTWDB Board of Directors for the financial audit.
- E. The independent auditor will be required to present the audit report to the Board of Directors at the TBD meeting of the HOTWDB Board of Directors.
- F. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the Center as the fiscal agent of the HOTWDB and as provided for in the engagement letter. If a management letter is issued the auditor will provide the Center as the fiscal agent HOTWDB fifteen (15) copies.

# ATTACHMENTS

**EDUCATION SERVICE CENTER REGION 12**  
**EVALUATION WORKSHEET**

This worksheet is to be used to document the Center's evaluation of the interested accounting firms' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various qualifications.

**In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the requestor of the services reserves the right to consider other factors in making a final selection.**

**PROFESSIONAL QUALIFICATIONS**

**The evaluation of professional qualifications of the interested accounting firms will be based on the following criteria:**

I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria. The interested accounting firm:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the independence standards of Government Auditing Standards, United States Government Accountability Office (GAO).
- C. Must not have a record of substandard work.
- D. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

II. Technical Criteria

**POINTS 85 MAX**

- A. Technical experience of the firm:
  - 1. Auditing experience with Education Service Centers (0-15)
  - 2. Auditing experience in government entities (0-15)

**EDUCATION SERVICE CENTER REGION 12**  
**EVALUATION WORKSHEET**

B. Characteristics of the staff, including consultants to be assigned to the audit:

1. Size and structure of the firm, including audit staff positions (0-5)
2. Qualifications of supervisory personnel, consultants, and the field audit team (0-20)
  - Education, including continuing education courses taken during the past two years
  - Years and types of experience
3. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15)

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan (0-5)
2. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned (0-10)

Total Technical Points **85 MAX**

III. Oral Interviews (If Necessary)

**POINTS 15 MAX**

Interview Points Awarded (0-15)

Total Oral Interview Points **15 MAX**

**Audit Schedules That Have Been Prepared by the Center**

GENERAL FUND

1. Trial Balance: Assets, Liabilities, Fund Equity, Revenues and Expenditures
2. Detail of Actual Expenditures by function and object code (and budget amounts, if applicable)
3. Revenues by Source

INTERNAL SERVICE FUND

4. Trial Balance: Assets, Liabilities, Retained Earnings, Revenues and Expenses
5. Statement of Revenues Expenses and Changes in Retained Earnings

SPECIAL REVENUE FUNDS

6. Trial Balance: Assets, Liabilities, Fund Equity and Combining Statement of Revenues, Expenditures and Changes in Fund Balance (both by function and Budget vs. Actual)
7. Schedule of Expenditure of Federal Awards
8. Schedule of Expenditures for Computation of Indirect Cost

FIXED ASSETS

9. Summary of Changes
10. Schedule by Function and Source
11. Schedule by Function and Activity
12. Schedule of Changes in General Fixed Assets by Function and Activity
13. Summary of Construction in Progress
14. Construction in Progress Schedule
15. Major Commitments for Construction in Progress

**Audit Schedules That Have Been Prepared by the Center**

MISCELLANEOUS

16. Bank Reconciliations
17. TRS Schedule
18. Interest and Income Average Yield
19. Detail of Other Sources (Uses)
20. Budget Amendments
21. Various Confirmations
22. Board Minutes – through the date of report issuance

**HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD**  
**EVALUATION WORKSHEET**

This worksheet is to be used to document the Center's evaluation of the interested accounting firms' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various qualifications.

**In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the requestor of the services reserves the right to consider other factors in making a final selection.**

**PROFESSIONAL QUALIFICATIONS**

**The evaluation of professional qualifications of the interested accounting firms will be based on the following criteria:**

I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria. The interested accounting firm:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the independence standards of Government Auditing Standards, United States Government Accountability Office (GAO).
- C. Must not have a record of substandard work.
- D. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

IV. Technical Criteria

**POINTS 85 MAX**

- D. Technical experience of the firm:
  - 3. Auditing experience with Education Service Centers (0-15)
  - 4. Auditing experience in government entities (0-15)

**EDUCATION SERVICE CENTER REGION 12**  
**EVALUATION WORKSHEET**

E. Characteristics of the staff, including consultants to be assigned to the audit:

4. Size and structure of the firm, including audit staff positions (0-5)
5. Qualifications of supervisory personnel, consultants, and the field audit team (0-20)
  - Education, including continuing education courses taken during the past two years
  - Years and types of experience
6. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15)

F. Clear understanding of the work to be performed:

3. Comprehensiveness of the audit work plan (0-5)
4. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned (0-10)

Total Technical Points **85 MAX**

V. Oral Interviews (If Necessary) **POINTS 15 MAX**

Interview Points Awarded (0-15)

Total Oral Interview Points **15 MAX**

**Audit Schedules That Have Been Prepared by the HOTWDB**

GENERAL LEDGER DATA

1. Trial Balance: Assets, Liabilities, Fund Equity, Revenues and Expenditures
2. Detail of Actual Expenditures by fund and object code (and budget amounts, if applicable)
3. Revenues by Source

FIXED ASSETS

4. Schedule by Source
5. Schedule of Changes in General Fixed Assets
6. Summary of Construction in Progress
7. Construction in Progress Schedule
8. Major Commitments for Construction in Progress

MISCELLANEOUS

9. Summary of Bank Reconciliations
10. TRS Schedule
11. Interest and Income Average Yield
12. Detail of Other Sources (Uses)
13. Budget Amendments
14. Summary of Grant Revenue and Expenditure Reconciliation
15. Various Confirmations
16. Board Minutes – through the date of report issuance

# AUDIT REPORTS

Attachment E  
ESC Region 12 2019 Audit Report

Attachment F  
HOT Workforce 2018 Audit Report