



Request for Proposal

Internal Audit Services

**Township High School District 113
Highland Park, IL**

July 29, 2019

**Township High School District 113
Internal Audit Services - Request for Proposal**

Table of Contents

REQUEST FOR PROPOSAL NOTICE	3
SECTION I: BACKGROUND AND GENERAL INFORMATION	4
SECTION II: EXPECTED SCOPE OF WORK	5
SECTION III: EVALUATION PROCESS AND TIMING	6
SECTION IV: ROLES AND RESPONSIBILITIES	7
SECTION V: REQUESTED SERVICE PROVIDER INFORMATION	8
APPENDIX A: CONFIDENTIALITY AGREEMENT	11

REQUEST FOR PROPOSAL NOTICE

**Request for Proposal
Internal Audit Services**

Township High School District 113, County of Lake, invites independent Certified Public Accounting firms licensed in the State of Illinois to submit proposals for internal auditing services on a contractual basis. The specifications are on the District's website at <https://www.dist113.org/Page/1055> or can be obtained from Luda Koch via email at lkoch@dist113.org. Five (5) hard copies and one (1) digital file on USB Flash Drive in PDF format of the RFP document must be submitted by 2:00 P.M. on Thursday, August 15, 2019, to Mr. Ali Mehanti, Assistant Superintendent for Finance, Township High School District 113, 1040 Park Avenue West, Highland Park, IL 60035.

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SECTION I: BACKGROUND AND GENERAL INFORMATION

Township High School District 113 is considering the selection of a certified public accounting firm to provide internal auditing services on a contractual basis. Please note this request for proposal (RFP) is not an offer on the part of District 113 and that District 113 reserves the right to cancel the project described in this RFP, to reject any and all proposals, to waive informalities and technicalities in the proposals, to request clarifications of proposals, and to accept the proposal deemed most favorable to the District after all proposals have been examined and evaluated. The acceptance of a proposal does not bind District 113 to engage the firm. It shall also be understood that in no event shall District 113 be responsible for any costs of preparing your proposal.

Please prepare and deliver five (5) hard copies and one (1) digital file on USB Flash Drive in PDF format of your formal response to the items listed on **Section V: Requested Service Provider Information** to the following address listed below. The envelope must be clearly marked "Internal Audit Services - RFP" with the name of the firm submitting the proposal and shall be mailed or hand-delivered **no later than 2:00 P.M. on August 15, 2019.**

Ali Mehanti
Assistant Superintendent for Finance
Township High School District 113
1040 Park Ave. West
Highland Park, IL 60035
Telephone: (224) 765-1003
Email: amehanti@dist113.org

Proposals will not be accepted if they are submitted by fax or email.

Questions regarding this RFP process must be sent electronically to Ali Mehanti, Assistant Superintendent for Finance at amehanti@dist113.org, no later than Thursday, August 8, 2019. Any interpretation of the RFP will be made only by addendum duly issued by Mr. Mehanti. A copy of such addendum will be emailed to each person who has provided his/her email address to the District. Failure on the part of the prospective submitter to receive a written interpretation prior to the time of the opening of proposals will not be grounds for withdrawal of its proposal. Oral explanations or representations will not be binding.

A proposal may be withdrawn or changed if written notice of the withdrawal or change is received by Mr. Mehanti, in writing, prior to the latest time specified for submission of proposals. Change may be made only by substitution of another proposal prior to the latest time specified for the submission of proposals.

Proposals must be valid and binding for a minimum period of 60 days after the date set for the award.

Upon award of the contract by the Board of Education, the successful firm shall be required to submit a proposed contract for the services covered in this RFP and the firm's proposal. Any contract will be subject to review by the Board of Education's legal counsel and must be on terms fully acceptable to the Board of Education before it is signed. No contract or agreement will be implied, final or in effect between the Board and a selected submitter until acceptable contract terms have been reached. The successful firm must enter into an executed contract with the Board in order to finalize the award of the proposal. If mutual agreement on contract terms cannot be reached, the Board will proceed to negotiations with another firm.

The terms of this RFP and all of our conversations are considered "Confidential Information," as defined in the Mutual Confidentiality Agreement executed by the district and the firm submitting the RFP.

About Township High School District 113

Township High School District 113 has an unwavering commitment to providing all students opportunities to realize their unique potential through a rigorous and engaging curriculum, meaningful relationships, varied experiences, a positive school culture, and the cultivation of individual passions and resilience.

Township High School District 113 serves the communities of Highland Park, Deerfield, Bannockburn, Highwood, Riverwoods, and the Town of Fort Sheridan and is located 25 miles north of Chicago. The District's student population is approximately 3,700 students, Grades 9 through 12. The District is governed by a Board of Education consisting of seven members. The board members are elected to either two-year or four-year terms with elections held every two years. The day to day operations are managed by a board-appointed Superintendent.

The annual budget for the fiscal year 2020 is approximately \$107.6 million. The District maintains its accounting records for all funds and account groups on a modified accrual basis of accounting in accordance with guidelines described by the Illinois State Board of Education. The District has received recognition for its Comprehensive Annual Financial Report from the Association of School Business Officials International for the twenty-seventh consecutive year, as well as from the Government Finance Officers Association for the second consecutive year. The District's Comprehensive Annual Financial Report with background information and financial data is available on the District's website at www.dist113.org.

The District derives its revenue from the following sources: 91% from local property taxes, 3% from other local sources, 2% from federal revenue, and 4% from state revenue. The District's breakdown of operating expenditures is 63% salaries, 13% employee benefits, 7% purchased services, 5% materials and supplies, 2% capital expenditures, and 9% tuition.

SECTION II: EXPECTED SCOPE OF WORK

Expected Scope of Work

The firm selected by the District will be expected to provide an internal audit review of the District's risk management, governance, and internal controls processes ("Internal Audit Review"). The Internal Audit Review must provide independent analysis as to whether the organization's risk management, governance, and internal controls processes are operating effectively. The Internal Audit Review should also allow the District's administrators to understand the organization's risks, the potential consequences of the risks, and how those risks are being managed in the Business Services functions of the treasury, payroll, accounts payable, cash handling, activity funds and financial reporting.

The Internal Audit Review should provide the District's administrators with insight as to how it can better manage risks and serve as the basis for the development of an internal audit plan. The Internal Audit Review process shall consist of the following key phases:

Phase I: Risk Assessment

- Meet with key staff and perform a risk assessment of operations to prioritize the areas for internal audit work;
- Propose an internal audit schedule with estimated hours; and
- Perform a review of the entity-wide internal control environment.

Phase II: Performance of and Reporting on Internal Control Environment

- Perform internal audits of the functions of the treasury, payroll, accounts payable, cash handling, activity funds and financial reporting;
- Provide recommendations for strengthening internal controls in order to lower identified risks and implementing “best practices” in instances where policies, procedures, and processes do not exist or need improvement/revision; and
- Work closely with external auditors to ensure minimal duplication of effort.

Phase III: Analyze Results and Develop Output

- Compile risk assessment of operations summary report;
- Develop a proposed internal audit plan to be implemented (potential step, if requested by the District);
- Prepare a written report containing the firm’s assessment of entity-wide control environment, risk management, governance, and internal controls processes;
- Present and report recommendations (and internal audit plan) to Township High School District 113 Finance Committee; and
- Provide guidance for implementation as needed following the Internal Audit Review and presentation of the final report.

Should your risk assessment process dramatically differ from the steps listed above, provide a detailed overview and explanation in your proposal.

SECTION III: EVALUATION PROCESS AND TIMING

Evaluation and Selection Process

Township High School District 113 expects your firm to provide a comprehensive solution on an enterprise-wide level that meets or exceeds all requirements stated in this RFP. Township High School District 113 will evaluate each firm’s proposal using the below criteria:

- Responses to the requests in the accompanying Section V;
- Professional qualifications and experience of the service provider and assigned personnel;
- Ability to effectively partner with Township High School District 113;
- Knowledge of the Education field;
- The quality of responses received from the references provided; and
- The service provider’s proposed fees.

Finalists will be invited for further interview/presentation. A senior auditor/partner of each finalist firm must be available for the interview/presentation. The Board of Education of Township High School District 113 will make the final award of the contract.

Timing

Step	Timing
Notice placed in Newspaper	July 29, 2019
RFP Specification on District’s website and distribute via email (if needed)	July 29, 2019
Questions regarding the RFP are due by	August 8, 2019
Issue Amendment to FAQs (if necessary)	August 13, 2019
Proposals Due with Confidentiality Agreement (Appendix A) signed the by potential service provider	August 15, 2019 by 2:00 P.M.
Interviews / Presentations	TBD
Award of Contract	TBD

SECTION IV: ROLES AND RESPONSIBILITIES

Service Provider Responsibilities

Responsibilities of the selected service provider will include but not be limited to the following:

- Assist Township High School District 113 with the performance of a risk assessment as outlined in Section II;
- Provide routine progress reports on the status of all work being performed to Township High School District 113;
- Report on the results of work performed;
- Maintain and manage appropriate staffing and other resources;
- Provide staff to perform the services who are qualified and properly licensed to perform such work;
- Provide copies of all testing work papers and any other documentation; and
- Keep Township High School District 113 information confidential in accordance with the terms of the Confidentiality Agreement that is attached hereto as Appendix A, which the successful firm must execute upon award of a contract.

Township High School District 113 Responsibilities

Township High School District 113’s responsibilities include the following:

- Overall Project Management
- Provide access to key members of Township High School District 113;
- Provide office space, including telephones and furniture. The service provider shall provide its own computers and printers; and
- Make information available for the service provider to perform its contractual obligations.

SECTION V: REQUESTED SERVICE PROVIDER INFORMATION

Responses to this RFP must include the following:

General Risk Consulting Practice Background

- Provide an overview of your Risk Consulting practice, capabilities and experience (especially related to risk assessment).
- Provide the number of full-time Risks Consulting professionals on a company-wide basis and on a local basis.
- Provide a list of at least three client references (including contact information) where risk assessment services were performed.
- Provide an overview of your firm's experience and expertise in providing accounting auditing and other consulting services in the education field, especially school districts.
- Provide information about your firm's membership in the professional organization, such as the Institute of Internal Auditors (IIA), or the Association of School Business Officials.

Service Team

- Provide a list of the team that will serve Township High School District 113 and describes their relevant experience, including years of experience conducting internal audits.

Describe your Risk Assessment Approach and Methodology (focusing on differences from Section II above)

- Describe your risk assessment methodology.
- Provide a description and example of the deliverables to be provided.

External Audit Coordination

- Discuss how you will coordinate and communicate with the Finance Committee regarding all aspects of this engagement. The district expects communication and reporting to be directed to the Finance Committee. Also, describe how you will coordinate with external auditors that provide the district's annual audit, including reliance on your work by the external auditor.

Professional Hourly Rate and Estimated Fees

Fees

For each project phase please include a fee range estimate and hourly rates for the project team, including anticipated average hourly rates based on the anticipated mix of personnel on the team.

- Provide any other additional fees.
- It is Township High School District 113's policy that the firm must obtain Township High School District 113's written permission prior to incurring any fees or expenses that are above those fees and/or expenses contained in any estimate provided to Township High School District 113.

Timeline

- Provide an estimated timeline/schedule for the duration of the engagement, including (but not limited to), expected number of days for each phase.

Additional Information

- Provide any other information you feel would be pertinent for Township High School District 113 to consider during our evaluation process.

Additional Proposal Requirements

By submitting a proposal in response to this RFP, the submitter also agrees to the following:

- Bid Rigging and Bid Rotating: As required by the *Criminal Code*, 720 ILCS § 5/33E-11, by submitting a proposal, the submitter certifies that it is not barred from contracting with any unit of State of Local Government as a result of a violation of any criminal statute including, but not limited to, the bid-rigging (Section 33E-3) or bid rotating (Section 33E-4) provisions of the *Criminal Code*. The submitter agrees that if this certification is false, the Board may declare the contract void. The submitter further certifies that it will provide a drug-free workplace as required by the Illinois *Drug-Free Workplace Act*, 30 ILCS §§ 580/1 *et seq.* If applicable, the submitter shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the *Illinois Use Tax Act*, 35 §§ ILCS 105/1 *et seq.*, regardless of whether the submitter is a retailer maintaining a place of business within this State” as defined in Section 2 of the Use Tax Act.
- Insurance: The successful submitter shall procure and maintain at its own cost and expense (1) comprehensive general liability on an occurrence basis to insure all loss (including, but not limited to, attorney’s fees and costs), claims, demands, or actions for damage to property, or bodily and personal injury to or death of any one or more persons in the minimum amount of \$2,000,000 per occurrence and in the aggregate, (2) umbrella or excessive liability coverage in a minimum amount of \$2,000,000 per occurrence and in the aggregate, (3) worker’s compensation coverage in the minimum statutory amounts, and (4) comprehensive auto liability insurance, including hired and non-owned vehicles, in the amount of \$1,000,000 per occurrence and in the aggregate for bodily injury and property damage. The successful submitter shall name the Indemnitees (defined below) as additional insureds on all insurance policies required herein, with the exception of the worker’s compensation insurance. The insurance required of the successful submitter shall be primary and noncontributory.

The successful submitter shall provide a certificate of insurance on a form acceptable to the Board evidencing the required insurance. The certificates of insurance and all insurance policies required to be obtained by the successful submitter shall provide that coverages afforded under the policies will not be canceled, reduced or allowed to expire without at least thirty days prior written notice given to the Board. If any of the insurance coverages are required to remain in force after final payment, all additional certificates evidencing continuation of such coverage shall be submitted with the final application for payment.

All insurance required of the successful submitter shall state that the coverage afforded to the additional insureds shall be primary insurance of the additional insureds with respect to claims arising out of operations performed by or on their behalf. If the additional insureds have other insurance which is applicable to the loss, it shall be on an excess or contingent basis.

- Indemnification: The successful submitter shall indemnify and hold harmless the Board and its individual board members, officers, employees, agents, volunteers, successors, and assigns (“Indemnitees”), from any and all costs, damages, losses, judgments, liabilities and expenses

(including reasonable attorneys' fees and litigation costs) (collectively, "Claims") brought against or incurred by the Indemnitees arising out of, in connection with, or related to (1) any acts or omissions of the successful submitter; and (2) any breach by the successful submitter of the contract.

- Compliance with Applicable Law: The successful submitter shall at all times observe and comply with all applicable laws, rules, ordinances and regulations, including, but not limited to, the *Illinois Prevailing Wage Act* (820 ILCS § 130/1 *et seq.*), the *Illinois Human Rights Act* (775 ILCS § 5/1 *et seq.*), the *Equal Employment Opportunity Act* (42 U.S.C. § 2000e), and the *Illinois Criminal Code* (720 ILCS § 5/1 *et al.*) in performing under this RFP and its proposal.

APPENDIX A: CONFIDENTIALITY AGREEMENT

Confidentiality Agreement

This Agreement is entered into this ____ day of _____, 20__ by and between _____ with offices at _____ (hereinafter "Recipient") and Township High School District 113 whose address is 1040 Park Ave. West, Highland Park, IL 60035 (hereinafter "Disclosing Party").

WHEREAS Disclosing Party possesses certain ideas and information relating to Township High School District 113 that is confidential and proprietary to Disclosing Party (hereinafter "Confidential Information"); and

WHEREAS the Recipient is willing to receive disclosure of the Confidential Information pursuant to the terms of this Agreement for the purpose of performing a Risk Assessment process to allow management to understand the organization's risks, the potential consequences of the risks, and how those risks are being managed;

NOW, THEREFORE, in consideration for the mutual undertakings of the Disclosing Party and the Recipient under this Agreement, the parties agree as follows:

1. Disclosure. Disclosing Party agrees to disclose, and the Receiver agrees to receive the Confidential Information.
2. Confidentiality.
 - 2.1 No Use. Recipient agrees not to use the Confidential Information in any way, or to manufacture or test any product embodying Confidential Information, except for the purpose set forth above.
 - 2.2 No Disclosure. Recipient agrees to use its best efforts to prevent and protect the Confidential Information, or any part thereof, from disclosure to any person other than Recipient's employees having a need for disclosure in connection with Recipient's authorized use of the Confidential Information.
 - 2.3 Protection of Secrecy. Recipient agrees to take all steps reasonably necessary to protect the secrecy of the Confidential Information and to prevent the Confidential Information from falling into the public domain or into the possession of unauthorized persons.
3. Limits on Confidential Information. Confidential Information shall not be deemed proprietary and the Recipient shall have no obligation with respect to such information where the information:
 - (a) was known to Recipient prior to receiving any of the Confidential Information from Disclosing Party;
 - (b) has become publicly known through no wrongful act of Recipient;
 - (c) was received by Recipient without breach of this Agreement from a third party without restriction as to the use and disclosure of the information;
 - (d) was independently developed by Recipient without use of the Confidential Information; or
 - (e) was ordered to be publicly released by the requirement of a government agency.
4. Ownership of Confidential Information. Recipient agrees that all Confidential Information shall remain the property of Disclosing Party and that Disclosing Party may use such Confidential Information for any

purpose without obligation to Recipient. Nothing contained herein shall be construed as granting or implying any transfer of rights to Recipient in the Confidential Information, or any patents or other intellectual property protecting or relating to the Confidential Information.

5. Term and Termination. The obligations of this Agreement shall be continuing until the Confidential Information disclosed to Recipient is no longer confidential.

6. Survival of Rights and Obligations. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by (a) Disclosure, its successors, and assigns; and (b) Recipient, its successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

Township High School District 113

Firm: _____

By: _____

By: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Email: _____