



Horry County Schools

March 1, 2012

NOTICE TO POTENTIAL OFFERORS

The Horry County Board of Education (the District) is soliciting proposals from qualified firms to provide financial and procurement audit services for Horry County Schools. Sealed responses shall be received in accordance with the information provided in this RFP instruction manual.

A public opening will be conducted on Thursday, March 26, 2012 at 3:30pm (EST) in Conference Room B306 at the Horry County Schools District Office located at 335 Four Mile Road, Conway, South Carolina 29526. Only the names of the firms submitting responses will be publicly announced at that time.

It is important that you follow the proposal format for submission of your proposal exactly as requested in the RFP manual. This will help ensure that your proposal is considered responsive.

Questions pertaining to this solicitation must be directed to the RFP Coordinator, Ara Heinz, emailed to ahainz@horrycountyschools.net no later than noon (12:00 pm EST) as stated in the proposal. The District will not respond to late questions submitted or verbal inquiries.

HORRY COUNTY SCHOOLS

Darlyn Adams, CPPO, CPPB
Procurement Coordinator

REQUEST FOR PROPOSALS

The instruction manual for this solicitation shall be a part of this Request for Proposals (RFP), the same as if incorporated herein. This solicitation does not commit Horry County Schools to award a contract, to pay any costs incurred in preparation of a response, nor to procure any services that may be offered.

In accordance with the authority granted in the District's procurement code, any prospective Offeror who feels aggrieved in connection with this solicitation, any addendum to the solicitation, or the subsequent award of a contract has a right to protest and present an appeal to the District's Procurement Coordinator within fifteen (15) days of the date of issuance of this RFP, any addendum thereto, or the intent to award a contract, whichever is at issue. Contact the District's Office of Procurement Services for details at 843-488-6936.

RFP DATE: March 1, 2012

RFP TYPE: Financial and Procurement Auditing Services

RFP NUMBER: 1112-30

SUBMITTAL & PUBLIC OPENING DATE & TIME: Monday, March 26, 2012 at 3:30pm, EST. Packages shall be clearly marked RFP #1112-30 Financial and Procurement Audit Services

PUBLIC OPENING PLACE: Horry County Schools
Conference Room B306
335 Four Mile Rd
Conway, S.C. 29526

MAIL RESPONSE TO: Office of Procurement Services
Attn: Denise Richardson
Horry County Schools
P.O. Box 260005
Conway, S.C. 29528-6005

EXPRESS OR HAND DELIVER RESPONSE TO: Attn: Denise Richardson
Office of Procurement Services
Horry County Schools
335 Four Mile Rd
Conway, S.C. 29526

BUYER: Ara Heinz, Procurement Specialist

RFP DOCUMENTS OBTAINED BY: Download from: <http://apps.hcs.k12.sc.us/apps/protrac/>

REQUESTS FOR INFORMATION OR CLARIFICATIONS: Must be submitted, In writing, **ONLY** email to AHeinz@horrycountyschools.net no later Monday, March 19, 2012 at Noon.

Request for Proposals

Instruction Manual

FOR

**Independent Financial and Procurement
Auditing Services**

RFP# 1112-30

March 1, 2012



Horry County Schools

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DEFINITIONS

Addenda: Written or graphic instruments issued by the District prior to the RFP submittal date and time which modify or interpret the RFP instruction manual, postpone the RFP submittal date and time or withdraw the RFP. Only those additions, deletions, corrections or clarifications in writing in the addenda are contractually binding.

Board: The Horry County Schools Board of Education.

Buyer: The Procurement Official

Change Order: Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual agreement of the parties of the contract.

Contract: The formal agreement between the District and the Offeror, which incorporates all the terms and conditions stipulated in the RFP instruction manual and in the response submitted, as negotiated and approved by the District.

District: Shall mean the Horry County Schools as represented by the Horry County Schools Board of Education, its Superintendent, Chief Officers, Procurement Coordinator, procurement staff, or any other designated employee or representative. Designated representatives who are not employed by the District or who do not serve on the Horry County Schools Board of Education may be any individual or firm who, through a contractual agreement, is designated to serve in an official capacity on behalf of the District.

“May”: The word, or other such words, used anywhere in the RFP instruction manual that indicates a request or recommendation that may be adhered to by the Offeror or Offeror at his/her choice whether in the negative or the affirmative.

MOB/WOB: Minority Owned Business/Women Owned Business as identified and certified by the State of South Carolina or meeting District requirements of fifty-one (51) percent ownership by women or persons of ethnic (non-white) origin.

Notice of Intent to Award: A written notice of the acceptance of a response by the District and the intention to award a contract for services. Offerors will be notified and The Notice of Intent to Award posted on the District's website.

Offer: The Bid, or proposal submitted in response to this solicitation. The terms “Bid” and “Proposal” are used interchangeably with the term “Offer.”

Offeror: The single legal entity submitting the offer. The term “Bidder” is used interchangeably with the term “Offeror.”

Solicitation: This document, including all its parts, attachments, and any Addenda.

Submittal and Public Opening Date and Time: The date and time established in the RFP or subsequent addenda for receipt of sealed responses.

RFP (Request for Proposals): The announcement soliciting responses from qualified individuals or firms.

RFP Instruction Manual: A set of instructions, terms, conditions, service requirements, forms and other such data intended to describe the services to be performed and the conditions under which a response is to be submitted and a contract awarded. A corresponding name and RFP number identifies the RFP instruction manual.

“Shall”: The word, or other such words, used anywhere in the RFP instruction manual that indicates a mandate that must be adhered to by the Offeror whether in the negative or the affirmative.

Subcontractor: Any person having a contract to perform work or render service to Contractor as a part of the Contractor's agreement arising from this solicitation.

PROPOSAL INSTRUCTIONS

Article 1

Intent & Responsibility

1.1 Offerors are requested to carefully review all portions of this RFP without delay. Questions and comments, identification of omissions or errors, or requests for clarification or supplemental information should be submitted in writing to the Buyer listed in the RFP **no later than the date stated in the RFP.**

1.2 It is the District's intention that this RFP permits competition. It shall be the potential Offeror's responsibility to advise the Buyer listed in the RFP if any language, requirement(s), specification(s), or any combination thereof excessively restricts or limits competition. Such notification must be provided in writing and furnished to the Buyer listed in the RFP **no later than the date stated in the RFP** for requests for information or clarifications.

1.3 Protests based upon any omission, error, lack of clarification, lack of supplemental information, inclusion of language, requirements, specifications or any combination thereof restricting competition will be disallowed if such items were not brought to the attention of the Buyer listed in the RFP in writing and in the time frame stated in *paragraphs 1.1 and 1.2* above to permit rectification by the District.

Article 2

Offeror Representations

2.1 By submitting a response, the Offeror represents that he/she has read and understands the RFP instruction manual requirements as well as the auditing services the District has requested and that full disclosure has been made of any terms, conditions, and/or program requirements that cannot be met;

2.2 That the Offeror understands the services as outlined in the RFP instruction manual and any addenda thereto such that failure to request clarification shall be deemed a waiver of such clarification and that, in the opinion of the Offeror, the response has been made in good faith;

2.3 That the Offeror is a licensed and qualified individual or Principal of the firm that shall provide services in conformance with all rules, laws, statutes, and regulations of the financial auditing industry including services relating to compliance with any GFOA pronouncements including GASB Statement # 42, as well as the State of South Carolina, and that the Offeror knows of no reason why the Offeror and/or the firm represented cannot enter into a contract with the District;

2.4 That the Offeror is an authorized representative of the firm represented or an authorized individual who has the authority to make such representations on behalf of the firm or him/herself and enter into such contractual arrangement binding the individual or firm as identified in this RFP instruction manual;

2.5 That the Offeror's response to this RFP constitutes a firm commitment for a period of ninety (90) days from the submittal and public opening date and time, that full disclosure has been made, and that the Offeror and any firm the Offeror represents agrees to be governed by the terms and conditions as set forth in this RFP instruction manual and with the laws of the State of South Carolina. By submission of a signed proposal, the Offeror agrees to subject itself to the jurisdiction and process of the courts of the State of South Carolina as to all matters and disputes arising or to arise under the contract and the performance thereof, including any questions as to the liability for taxes, licenses, or fees levied by the State;

2.6 That, by submitting a response, the Offeror certifies that he/she nor the firm represented nor any other employee or representative of the firm has divulged to, discussed with, nor compared the response submitted with any other Offeror or potential Offeror and has not colluded with any other parties to this competitive RFP;

2.7 That the Offeror has disclosed any and all fees to be assessed **in a separate sealed envelope** and explained in the response the full extent of all services to be provided to the District for those fees, stating clearly the services to be provided by the Offeror and the District's administrative requirements to be met;

2.8 That the Offeror has fully disclosed all terms, administrative requirements, and benefits inherent in the response, in good faith, whether positive or negative to the interests of, or requirements requested by, the District;

2.9 That the Offeror and any represented firm fully understand that all costs associated with preparation and submission of a response and any subsequent interview or negotiations prior to award of a contract shall be the sole responsibility of the Offeror;

2.10 That the Offeror takes full responsibility for timely submission of the response in accordance with the requirements of this RFP instruction manual;

2.11 That the Offeror agrees that the terms and conditions of this RFP instruction manual, any addenda thereto, and the Offeror's response as negotiated with the District shall constitute the substantive terms and conditions of any resulting contract and that no default from performance by the Offeror or any represented firm shall occur by virtue or claim of mistake, misunderstanding or lack of clarity of the District or the RFP instruction manual; and,

2.12 That for any contracts of \$50,000 or more resulting from this RFP, the Drug-Free Workplace Act applies. By submission of a signed proposal, the Offeror is certifying compliance with this Act.

Article 3

RFP Instruction Manual

3.1 The District has endeavored to provide accurate information in this RFP instruction manual regarding its anticipated needs. It is the sole responsibility of the Offeror, however, to ensure that any information or clarifications necessary for submission of a response have been requested by the date stated in the RFP.

3.2 Any Offeror requiring clarification or interpretation of this RFP instruction manual shall contact the Buyer listed in the RFP no later than the date stated for submission of such requests for information or clarifications and in the manner so stated. The District shall not respond to late questions submitted nor verbal requests. Any information received verbally from any employee of the District shall not be honored during this RFP process or in any resulting contract.

3.3 Interpretations, corrections, and changes of the RFP instruction manual shall only be made by addenda. Any interpretations, corrections, and changes to the information provided in the RFP instruction manual made in any other manner than by addenda shall not be binding, and the Offeror shall not rely on them.

Article 4

Addenda

4.1 Any addenda shall be issued prior to the submittal and public opening date and time for the purposes of modifying or interpreting the RFP instruction manual through additions, deletions, clarifications or corrections.

4.2 Addenda shall be posted on the District's website at <http://apps.hcs.k12.sc.us/apps/protrac/>. It shall be the responsibility of any potential Offeror to acquire any addenda issued pertaining to this RFP from the website. Any addendum issued by the District shall become a formal part of this Request for Proposal 1112-30.

4.3 No addenda shall be issued later than four (4) calendar days prior to the RFP submittal date and time except to a) withdraw the solicitation, or b) to postpone the submittal and public opening date and time. When an addendum is issued for the purposes of postponing the RFP submittal and public opening date and time, the addendum shall establish the new submittal date and time, which shall be no later than five (5) calendar days after the date of issuance of the addendum.

4.4 Each addendum issued shall be acknowledged on the Official Submission Form(s) or the response shall be rejected as non-responsive, except as otherwise provided for in the District's Procurement Code.

Article 5

RFP Procedures

5.1 To assist in the comparison of responses submitted, all responses shall be submitted using the Official Submission Form(s) (or an identical copy of same) and in the format requested in the Official Submission Form or the response may be considered non-responsive and, therefore, not considered.

5.2 To help ensure that any response submitted is considered by the District to be responsive,

- a) all blanks on the official submission form shall be completed in ink or by typewriter or computer;
- b) all blanks or information requested on the official submission form shall be completed in full or the designation "N/A" for "not applicable" shall be entered;
- c) formatting of responses as requested in Official Submission Form shall be adhered to;
- d) all issued addenda shall be acknowledged on the official submission form;
- e) all pricing shall be clearly and completely disclosed with total cost clearly identifiable and **shall be submitted in a separate sealed envelope marked "Independent Financial & Procurement Auditing Services Cost"** with the original response;
- f) All alterations and erasures shall be initialed and the official submission form shall be signed by an authorized Offeror.

5.3 Ownership of all data, material and documentation originated and prepared pursuant to this RFP either at the time of submission of the response or during the term of any resulting contract shall belong exclusively to the District and be subject to public inspection in accordance with the Freedom of Information Act.

5.4 Trade secrets, proprietary or confidential information submitted by an Offeror shall not be subject to public disclosure; however, the Offeror must invoke this protection by so stating in writing. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secrets or proprietary information. Marking the entire response or substantial portions of the response as proprietary shall not be honored by the District and may result in the response being found non-responsive and, therefore, not considered.

5.5 **One (1) original and four (4) complete copies of each response shall be submitted. Only one (1) copy of the fee schedule (in a separate sealed envelope) shall be submitted with the marked original.**

5.6 Bulky, ornate or costly bindings of the original response or the copies are not necessary or required. The original copy shall be so marked as "**Original**."

5.7 The original response with the required copies shall be submitted in a sealed, opaque envelope before mailing. The exterior of the envelope or any express carrier envelope or packaging shall be clearly marked with:

- a) the District's complete submittal name and address,
- b) the Offeror's complete name and address, and
- c) the words, "**RFP 1112-30 Independent Financial & Procurement Auditing Services,**" in bold print.

5.8 The District's address for mailing or for hand or express carrier delivery is published in the RFP.

5.9 Responses delivered orally or via telephone, telegraph, e-mail, facsimile, or other such methods are not sealed responses and shall result in the response being considered non-responsive and, therefore, not considered.

5.10 Responses shall be received at the District's Procurement Office no later than the submittal and public opening date and time published in the RFP as amended by any addendum. Any proposal received after that time shall remain unopened and subsequently destroyed.

5.11 A public opening will be held on the date and at the time established for submittal of responses, at which time the District will announce the Offerors to the RFP only. The list of Offerors will be recorded and made available under the Freedom of Information Act.

5.12 Offers shall be submitted in the English language and in US dollars, unless otherwise permitted by the solicitation.

5.13 Offerors may submit more than one Offer, provided each Offer has significant differences other than price. Each separate Offer must satisfy all solicitation requirements. Offeror is responsible for clearly differentiating between each separate Offer. Each separate Offer must include a separate cost proposal.

Article 6

Response Modification or Withdrawal

6.1 A response shall not be modified, withdrawn or cancelled by the Offeror during the ninety (90) calendar days immediately following the submittal and public opening date and time as stated in the RFP or any subsequent addenda except as may be provided for in the District's Procurement Code. Any District request for clarification or additional information regarding a response shall not be considered as authorization to amend any portion of the initial response.

6.2 Prior to the submittal and public opening date and time, a proposal may be modified or withdrawn by notice to the District's Buyer listed in the RFP. Such notice shall be in writing with the signature of the Offeror that signed the original response and shall be mailed, hand delivered or sent via express carrier in a sealed envelope to arrive no later than the submittal and public opening date and time.

6.3 A change in pricing shall be worded so as not to reveal the original amount submitted in the sealed proposal.

Article 7

Consideration of Responses

7.1 Unless otherwise stated, all responsive proposals by qualified, responsible Offerors that are received by the proposal submittal date and time shall be considered during the initial evaluation state. Responsibility focuses on whether or not the Offeror demonstrates to the complete satisfaction of the District that the Offeror has the necessary facilities, resources, qualifications and ability to provide the services specified in the Proposal Instruction Manual in a satisfactory and timely manner.

7.2 Responsiveness to the requirements shall be determined by the District's Office of Procurement Services. In the initial responsiveness evaluation, the District's Procurement Office will determine whether:

- a) The response complies in all material respects to the RFP requirements;
- b) The format of the response complies to the Official Submission Form format to allow for ease of evaluation;
- c) All identifying information has been provided;
- d) All addenda have been acknowledged;
- e) Offeror is licensed in South Carolina, if required to perform financial and/or procurement audits;
- f) Acknowledged ability of Offeror to complete the financial audit by November 26, 2012 and by December 1, 2012 for the procurement audit.
- g) Acknowledged agreement to follow the GAAP, GAAS, and the *Governmental Auditing Standards* as issued by the Comptroller General of the United States for the financial audit and the State of South Carolina procurement audit program as outlined in Appendix A.

7.3 All materials submitted in response to this RFP shall become the property of the District. The original response submitted shall be retained for the official files and shall become a public record after award and shall be open to public inspection upon request under the Freedom of Information Act. All other copies of the response submitted shall be destroyed after an award is made.

7.4 In accordance with the District's Procurement Code, the District shall have the right to:

- a) waive minor informalities and irregularities;
- b) reject any and all responses or any portions, thereof;
- c) accept firm proposals from the top rated Offerors to the RFP in such number as the District may determine and select such proposal that the District deems is in the best interests of the District;
- d) negotiate with the Offeror whom the District deems can provide the best package of Procurement Audit Services;
- e) reject any and all proposals offered or any portions thereof; or
- f) other such rights as provided by the District's Procurement Code or this RFP.

7.5 The District shall have the right to request correction(s) to a response or request supplementary or explanatory information. The failure by the Offeror to correct any deficiency or provide any supplementary or explanatory information when requested or by the date and time specified in the request may result in the response being considered non-responsive and, therefore, not considered.

7.6 The Offeror must, upon request of the District, furnish satisfactory evidence of their ability to provide the services in accordance with the terms and conditions of this RFP. The District reserves the right to make any inquiries or investigations it deems necessary to determine the Offeror's capability to provide the services requested.

7.7 This RFP does not commit the District to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for the services identified in the RFP. The District reserves the right to accept or reject any or all proposals received as a result of this request, or to cancel in part or in entirety, this RFP if it is in the best interests of the District to do so.

7.8 The right of rejection of any proposal may be predicated upon, but not limited to, the following:

- a) Failure to deliver the proposal by the RFP submittal date and time.
- b) Failure to submit a sealed proposal in the manner requested in Article 5.
- c) Any disclosed or subsequently revealed conflicts of interest that are prejudicial to the consideration of or acceptance of any proposal or any subsequent contract award.
- d) Failure of the Offeror to meet the service reputation required or that the District feels is necessary for contract award.

7.9 As provided in the District's Procurement Code, "award" of a contract occurs when the contract is executed between the successful Offeror and the District, and not sooner. Therefore, the District may discharge its obligation to determine Offeror responsibility through any one or more of the following methods or a combination thereof; a) evaluate and reject proposals from non-responsible Offerors prior to selection of the Offeror or to whom the Notice of Intent to Award will be issued; or b) issue a Notice of Intent to Award to the apparent successful Offeror and thereafter make the required irresponsibility determination prior to award. The issuance of a Notice of Intent to Award is not an indication that the District has completed its determination of responsibility with regard to the Offeror to whom the Notice of Intent to Award was issued. The Notice of Intent to Award may be cancelled if the Offeror is determined to be non-responsible at any point prior to award.

Article 8

Subcontracting

8.1 The successful Offeror will be the primary point of contact with regard to all stipulations, including payment of all fees and the meeting of all requirements of the RFP and the subsequent contract.

8.2 Where Offerors do not have the in-house expertise or manpower to provide all the services requested, subcontracting may be permitted, with full disclosure in the response and approval of the District. **Disclosure of subcontractors after contract award is not acceptable.**

8.3 Any Offeror, whose response includes subcontractors, is required to act as the primary administrative contact for services to be performed by those subcontractors and must assume full responsibility for the risk/liability, delivery and quality of such services performed. The District shall have the right to request removal and/or replacement of any subcontractor that cannot perform to the District's standards. The Offeror shall identify specifically the District's contractual obligation to any subcontractor of the Offeror.

8.4 The District must be assured that any proposed subcontractors can perform the work to the desired quality and in a timely manner; therefore, names and qualifications of any potential subcontractors recommended to the District must be disclosed in the response.

Article 9

Proposal Evaluation Criteria

9.1 In the evaluation stage, the District evaluation team shall consider the responsibility of the Offeror based on the information requested by the District and provided by the Offeror. Evaluation of proposals will be based on the following weighted criteria:

- a) Firm Identification and Qualifications (Maximum of 35 points)
- b) Experience and Preparation of Financial Audit (Maximum of 25 points)
- c) Experience and Preparation of Procurement Audit (Maximum of 20 points)
- d) Work Plan/Work Schedule/Timeline (Maximum of 10 points)
- e) Legal Issues/Conflict of Interest (Maximum of 10 points)

9.2 In the final analysis, consideration will be given to the appropriateness of the fee schedule to the services proposed/required. All other evaluation factors being equal, the proposal with the lowest cost will be selected provided it is evident that all costs and fees have been included and are reasonable for the services being requested. Any offer that is ambiguous as to total cost shall be rejected.

9.3 From the collective evaluation in these stages of the evaluation process, the District shall select the most advantageous proposals. The District may determine that the outcome of the evaluation process indicates that two (2) or more of the proposals are relatively equal. At that point, a reevaluation may be made of no more than the top three (3) proposals, and/or the District may request an oral presentation by the Offerors of those proposals.

9.4 If the Offerors are selected to make an oral presentation, it will be used as an opportunity for the firms to clarify their proposals and to ensure that a thorough mutual understanding exists between the firm(s) and the District. The Executive Director of Finance will schedule the time and location for these presentations, if needed.

9.5 Failure to follow the format requested or to address an area adequately may cause the proposal to be deemed non-responsive and, thereby, cause it to be excluded from consideration. Any deviations from the requested scope of services must be noted and fully explained.

9.6 The District shall retain the right to consider a proposal as being unacceptable based solely on its judgment that a proposal does not satisfactorily meet any one (1) or any combination of the criteria listed in the Article.

9.7 By submission of a proposal, the Offeror agrees that during the period following issuance of an RFP and prior to final award of the contract, the Offeror shall not discuss this procurement with any party except the RFP contact person or other parties specifically designated in the RFP. Offeror shall not attempt to discuss with or attempt to negotiate with any employee or agent of the District any aspect of the procurement without prior approval of the District's RFP contact person or the Procurement Coordinator.

9.8 During the review process, the District shall have the right to request from Offeror any other information or evidence it deems necessary for evaluation of the proposals and relevant to any one or more of the aforementioned evaluation factors. The failure of any Offeror to promptly provide such requested information shall be sufficient grounds for determining the Offeror to be non-responsive and for rejection of the proposal.

9.9 Any deviations from the Scope of Services required or in the terms and conditions of this instruction manual must be clearly noted, highlighted and fully explained and the end of the initial response

Article 10

Contract Award.

10.1 It is the intention of the District to award a contract to the highest rated, responsive and responsible firm with the best package of financial and procurement audit services for the District at the most reasonable cost. Contract will be awarded as a whole and evaluated by the evaluation procedures set forth.

10.2 Offerors are advised that all contents of this RFP instruction manual and the successful Offeror's response to the RFP, as negotiated, shall constitute the substantive terms and conditions of the contractual relationship.

10.3 Once negotiations result in an acceptable contract, a Notice of Intent to Award identifying the Offeror to whom the District intends to award a contract shall be posted to the District's website. Offerors shall be notified by fax or by email.

10.4 The decision of the District is final, and the District shall not be required to furnish any statement or reasons for disqualification of any proposal or why a proposal was not chosen.

10.5 Any Offeror or potential Offeror who feels he/she has been aggrieved because of this solicitation or subsequent award of a contract has a right to protest and to present an appeal, in writing, to the Procurement Coordinator in accordance with the District's Procurement Code. A copy of the Procurement Code can be found on the District's website at: www.horrycountyschools.net/departments/fiscal_services/procurement.

10.6 A contract in excess of \$50,000 shall not be awarded to an Offeror before the sixteenth (16th) day after the date of the Notice of Intent to Award, which is mailed to all Offerors and posted in the District's Office of Procurement Services.

10.7 The award of any contract is subject to the provisions of the District's Procurement Code and any applicable laws of the State of South Carolina. Any contract entered into as a result of this RFP shall be governed by the laws of the State of South Carolina.

10.8 The contract shall be awarded no later than June 30, 2012.

GENERAL CONTRACT CONDITIONS

Article 1

Contract Requirements

1.1 All terms and conditions of the original RFP instruction manual, including all addenda, and the successful Offeror's response as negotiated and approved by the District are an integral part of any contract for services. Any terms and conditions of the Offeror's response that are contrary to the terms and conditions of this RFP instruction manual shall be null and void unless specifically agreed to, in writing, by the District.

1.2 Any agreement or contract resulting from the acceptance of a response shall be on form(s) either supplied by or approved by the District and shall contain, as a minimum, reference to all provisions of the RFP instruction manual. Any terms and conditions of any contract provided by the Offeror, that are contrary to the terms and conditions of this RFP instruction manual shall be null and void whether or not the contract is signed by the District.

1.3 If any conflicts become apparent between the original RFP instruction manual, including all addenda, and the Offeror's response after execution of a contract that have not been clarified by said contract, the terms and conditions of the original RFP instruction manual, including all addenda, shall take precedence over any terms and conditions in any response or contract supplied by the Offeror.

1.4 The District reserves the right to amend, add, or delete services within the scope of the contract if requirements change during the performance of the contract. Fees for those services, if not stated in the original response, shall be based on fair and reasonable prevailing compensation for like services and mutually agreed to by the District and the Offeror.

1.5 No reports, information, training materials, written procedures, or other data given to or prepared by the Offeror under this contract shall be made available to any individual or firm without the prior written consent of the District. All reports, information, training materials, written procedures or other data prepared by the firm under this contract shall remain the exclusive property of the District at completion or termination of the contract and the District shall have the right to photocopy such materials for the District's own purposes or to satisfy a Freedom of Information Act request.

1.6 All services rendered under the contract shall be rendered in a professional manner consistent with prevailing industry standards and the contract requirements up to the completion of the contract period or the date of termination, whichever occurs first.

1.7 The Offeror shall maintain all licenses, permits, certifications, ratings or other requirements under the laws of the State of South Carolina or other regulatory authority in the provision of services to the District throughout the term of the contract.

1.8 The District shall have the right to audit all books and records, documents and other materials, relating to or pertaining to this contract regardless of the form they may be kept in including, but not limited to those kept by the Offeror, its employees, agents, assignees, successors, insurers and sub-contractors.

1.9 The Offeror agrees to maintain such books and records, documents and materials for the duration of the contract and for at least five (5) years following the completion of the contract. The books and records, documents and materials, shall be made available upon request to the District through its employees, agents, representatives, contractors and other designees during normal business hours at the Offeror's nearest office or place of business.

Article 2

Contract Terms & Fees

2.1 The contract term shall be for one (1) year from the inception date and time.

2.2 The District shall have the option to renew the contract on yearly increments for a maximum of two (2) renewals for a total maximum contract period of three (3) consecutive years. In addition, the District may proceed with an option to extend the contract by two (2) additional one (1) year extensions my mutual agreement and the satisfactory negotiation of terms (including a price) acceptable to both the Horry County School District and the selected firm.

2.3 All rates and fees quoted in the accepted proposal shall remain firm for the initial contract year and subsequent renewal years.

2.4 Any adjustments to or expansion of services that result in a change in the "not to exceed" fee quoted in any year must be in writing with full justification. The requested change must not have been foreseeable at the time of contract award and must have the approval of the District's Superintendent.

2.5 The District reserves the right to cancel the contract at the end of the initial contract year or any subsequent renewal year if it is in the best interests of the District to do so. Cancellation shall be in accordance with Article 6.

Article 3

Subcontracting and Assignment

3.1 Where an Offeror does not have the in-house expertise or manpower to perform the work desired, subcontracting may be permitted with full disclosure in the original response and approval by the District.

3.2 Disclosure of subcontractors after contract award is not acceptable; however, the District reserves the right to allow the Offeror to subcontract any portions of the contract or to change subcontractors during the term of the contract if it is determined to be in the best interests of the District to do so.

3.3 Should a subcontractor, that has been revealed in the response and approved by the District, not be able to fulfill his/her obligations under the contract, the Offeror may recommend another subcontractor; however, the replacement subcontractor is subject to the same scrutiny and approval by the District as the original subcontractor.

3.4 The Offeror shall not assign any interest in the contract and shall not transfer any interest in the same without prior written consent of the District.

Article 4

Conflict of Interest

Legal Liability and Criminal Activities

4.1 By submission of a response and subsequent entering into a contract, the Offeror agrees that he/she has no interest, direct or indirect, that would conflict in any manner or degree with the performance of services herein and that, during performance of the contract, no person shall be employed nor subcontractor enjoined to perform work for the District having such known conflict of interest.

4.2 The Offeror shall perform the duties of the contract as an independent contractor and the employees or subcontractors enjoined to the Offeror shall not be considered employees of the District. The Offeror shall pay all required employment or other taxes as required by federal or state law. The District is not responsible for providing unemployment benefits or any other insurances or benefits normally provided to its employees.

4.3 The Offeror shall agree to hold the District harmless and pay, on behalf of the District, any liability and/or legal costs arising out of any claims and litigation related to the services provided, including any actions that may arise from allegations regarding any acts or omissions related to the services provided.

4.4 An individual or firm with any employee who has been convicted of a public entity crime shall not:

- a) Submit a proposal to provide services to a public entity.
- b) Be awarded a contract for provision of services to a public entity.
- c) Perform work as a contractor, supplier, subcontractor, or consultant under a contract to a public entity.

4.5 The Offeror shall be aware that failure to inspect, familiarize or otherwise gather the information necessary to derive total cost to the District in the original response shall, in addition to any and all other remedies available, create cost differential liabilities and claims against the Offeror. Prior to execution of a final contract, the Offeror shall disclose all costs and fees expected to be billed to the District. The District shall not be responsible for additional costs or hidden costs not clearly defined in the original response and presentation and accepted by the District as negotiated and agreed upon.

4.6 The Offeror shall not discriminate against any person on the grounds of race, color, religion, national origin, or sex by excluding them from participating in, or denying them the benefits of any program or activity of the District while in the execution of any contract as provided in the Civil Rights Act of 1964 or title VIII of the Act of April 11, 1968 referred to as the Civil Rights Act of 1968.

4.7 Prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 shall apply to any activities of any subcontractors while executing the services outlined in the contract.

4.8 The Offeror shall keep fully informed on all local, state, or federal laws, regulations, by-laws, orders and decrees of bodies having any jurisdiction or authority which in any manner affect the provision of services hereunder. The same shall apply to the contract throughout, and shall be considered to be included in the contract the same as though herein written in full. The firm shall at all times observe and comply with all such laws, by-laws, ordinances, regulations, orders and decrees in force at the time of the award and shall so inform the District.

4.9 The Offeror and any other subcontractor shall protect and indemnify the District and its representatives against any claim or liability arising from or based on the violation of any such laws, by-laws, ordinances, regulations, orders or decrees, by the firm, or any other subcontractor's employees or representatives.

4.10 All Offeror employees and subcontractors shall comply with the following:

- a) **NO drugs or alcohol on District property or adjacent thereto.** The District reserves the right to require the offending party be removed from District property immediately and to be replaced by the Contractor.
- b) **NO knives, firearms or other weapons on District property or adjacent thereto.** The offending party shall be reported to authorities and arrested.
- c) **NO fraternizing with, threats to, or use of abusive or profane language in the presence of students, parents, visitors, or District representatives, agents, or employees.** The District reserves the right to require the offending party be removed from District property immediately and to be replaced by the Contractor.
- d) **NO improper attire or actions while on District property or adjacent thereto.** The District reserves the right to require the offending party be removed from District property immediately and to be replaced by the Contractor.
- e) **NO smoking on District property.** The District reserves the right to require the offending party be removed from District property immediately and to be replaced by the Contractor.
- f) Take all necessary precautions to ensure minimal loss of utilities and facilities required by the occupants of any existing building or facilities and minimal disruption of the educational process.
- g) Secure **SLED (State Law Enforcement Division) criminal background checks** on all Contractors and subcontractor representatives, agents and employees performing work on District property, and produce proof of such background checks upon request by the District.
- h) Take all necessary precaution to protect students, parents, visitors or District representatives, agents or employees as well as property belonging to those individuals or other third parties during the contract term.

Failure to meet the requirements of conduct in this paragraph, as determined by the District, may result in arrest and/or payment of fines, or stoppage of performance until corrective action is taken, with no increase in contract price or contract term. In addition, the Contractor may be subject to payment to the District of all reasonable costs incurred by the District as a result of non-conformance to this paragraph.

4.11 The Offeror shall have no authority, expressed or implied, to bind the District to any agreements, liability or understanding except as expressly set forth in the RFP instruction manual or as expressly authorized by the District's Board of Education, Superintendent, or designee. The Offeror is solely responsible for the acts of the Offeror, its employees, representatives, and agents.

4.12 Any contract amendment, controversy or claim that may arise during the term of the contract shall be governed by the District's Procurement Code and laws of the State of South Carolina.

Article 5

Suspension, Cancellation, or **Termination of Contract**

5.1 The District shall have the right to halt all activities under this agreement immediately, without obligation should it be found that the Offeror is not in conformance with the terms as indicated herein or based on the happening of any of the following:

- a) Insolvency of the Offeror;
- b) Filing by the Offeror of a voluntary petition of bankruptcy.
- c) Filing of an involuntary petition to have the Offeror declared bankrupt.
- d) Appointment of a receiver or trustee for the Offeror.
- e) The execution by the Offeror of an assignment for the benefit of creditors.
- f) The dissolution of the firm, partnership, corporation or other auspices of the Offeror.
- g) Revocation of any required licenses of the Offeror.
- h) Other such indications that the Provider cannot perform duties as outlined in the RFP or the submitted offer.

The Offeror shall notify the District immediately of any of the above pending actions or other such actions.

5.2 District shall have the right to cancel this agreement at any time during the initial contract year or any subsequent renewal year of the contract for any reason upon thirty (30) day written notification to the Provider. **Issuance of an RFP shall serve as written notice.** Dissemination of a RFP in any given year, however, does not imply that coverage shall automatically be cancelled at the end of that year; however, the RFP shall satisfy the requirements of notice in the event the District does not wish to renew the contract.

5.3 The Provider shall notify the District a minimum of one hundred twenty (120) calendar days in advance of:

- a) cancellation of the contract, with or without cause;
- b) non-renewal of the contract, with or without cause, or;
- c) any increase in fees.

5.4 Notice of cancellation, non-renewal, or fee increase may be given via telephone, telegraph, e-mail or facsimile; however, written and signed verification shall be sent by certified mail the same day. Any notice to the District shall be directed to the District's Procurement Office.

5.5 The District reserves the right to terminate the contract with the Offeror should the District be dissatisfied with the performance of the Offeror's Team or any member thereof or for any other just cause. The District shall not be under any financial obligation to fulfill the terms of the contract nor will the District be assessed any penalties for termination.

5.6 The District shall have the right to terminate this contract upon the non-appropriation of funds by the Board of Education.

5.7 In the event termination is due to malicious acts by the Offeror, or any other subcontractor or representative(s) of same that may endanger the property, employees, or reputation and/or financial status of the District, termination of the agreement shall be effective immediately upon verbal notification by any authorized District representative. The Offeror shall cease all services within twenty-four (24) hours of the verbal notice of termination unless otherwise directed by the District.

5.8 In the case of cancellation or termination of this contract for any reason, the Offeror shall provide the District with the originals or a complete copy of all information prepared by the Offeror related to the services provided up to the date of termination as required by the District or any reports prepared from such services provided.

5.9 All services rendered until the date and time of termination must be rendered in a professional manner consistent with prevailing industry standards and this contract.

Article 6

Insurance

6.1 The Contractor shall provide General Liability and other insurance as listed herein. The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in South Carolina such insurance as will protect the Contractor from claims set forth below which may arise out of or result from the Contractor's operations under the Contractor and for which the Contractor may be legally liable, whether such operations be by the Contractor by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

6.2 At a minimum, the Contractor shall provide Workers Compensation coverage in amounts that meet or exceed all state and applicable federal statutory limits.

6.3 General Liability Insurance including completed operations and product liability coverages shall be as follows at a minimum:

a) General Aggregate (Except Products – Completed Operations): \$1,000,000

6.4 The Provider shall provide a valid certificate of insurance indicating the presence of errors and omissions liability insurance at least annually throughout the contract term or as requested by the District.

6.5 Certificates of insurance which shall be signed by a duly authorized representative of each insurance company, showing compliance with the insurance requirements attached hereto and which shall be acceptable to the Owner shall be submitted to the Owner **upon execution of this Agreement**. When requested by the Owner, the Contractor shall furnish copies of Certificates of Insurance for each subcontractor as well. All Certificates of Insurance shall include a statement that the Owner will receive written notice 30 days prior to cancellation of any policy. Further, the District will be named as an additional insured on all policies.

SCOPE OF SERVICES REQUIRED

Article 1

Introduction

1.1 Horry County Schools is one of the largest school systems in the State of South Carolina and is coterminous with Horry County's land area of approximately 1,152 square miles. The present boundaries of the District were established in 1952 as a result of the consolidation of all existing school Districts in the county.

1.2 The District is currently governed by a board of trustees, the Horry County Board of Education, consisting of members elected in single-member Districts with the Board Chairman elected countywide and all members serving staggered four-year terms.

1.3 The Horry County Board of Education members have decision-making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters. They have legal authority for the operation of all public schools in Horry County, South Carolina, and they have complete and final control over school matters within the framework set by the State legislature and the State Board of Education. The Board acts to interpret the educational needs of the County and then meets those needs with policies and facilities that stimulate the student and learning process.

1.4 For fiscal year 2012 - 2013, the District will be operating twenty-seven (27) elementary schools, ten (10) middle schools, ten (10) high schools, three (3) academies, two (2) education centers, and one (1) alternative school serving over 39,000 students.

1.5 The District's budget includes disbursements in excess of \$546,424,566 annually and a payroll for approximately 5,250 full-time or equivalent employees, including approximately 2,559 teachers.

1.6 The District is currently using PeopleSoft version 9.1 for the human capital management and 9.0 for the financial software system. The District has been utilizing the financials module (general ledger, accounts payable, and procurement) for the past ten (10) years. The District implemented the human capital management module (human resources and payroll) in 2005.

1.7 Purchase orders and invoices are available in both paper form and electronic format.

Article 2

Nature of Services

2.1 Each proposal must address itself to conduct an audit and an expression of an opinion upon the District's financial and procurement records.

2.2 It is expected that this contract will commence on July 1, 2012 for both independent financial and procurement auditing services for the 2011/2012 fiscal year beginning July 1, 2011 and ending June 30, 2012. Interim audit field work is highly encouraged.

2.3 The District prepares quarterly financial reports; however, the selected auditing firm shall prepare the District's financial statement for the 2011/2012 fiscal year, including all copying and binding.

2.4 The proposal submitted shall address both financial and procurement auditing services for fiscal years 2011/2012, 2012/2013, and 2013/2014.

Description of Work for the Financial Audit

2.5 The financial audit will consist of an examination and an expression of an opinion of the general purpose financial statements of Horry County Schools after the conclusion of each fiscal year. The scope of this audit will include all of the following funds of the District:

<u>Fund</u>	<u>2011 Budgeted Amount</u>
General	\$290,695,399
Special Revenue	53,902,259
Education Improvement Act	17,878,121
Debt Service	95,339,290
School Building	62,952,099
Food Service	19,980,720
Pupil Activity	5,676,678
Federal Programs Reserve	-0-

2.6 The Pupil Activity Fund and the Federal Program Reserve Fund are accounted for as fiduciary funds, and the Food Service Fund is accounted for as a proprietary fund. A fixed asset account group and a long-term debt account group will be included in the audit.

2.7 The District requires a financial and compliance audit consisting of a study and evaluation of the internal accounting controls, and if necessary, a management suggestion letter rendered on these controls. The audit examination must be performed and the comprehensive annual financial report issued in accordance with the following:

- a) Generally Accepted Auditing Standards (GAAS) issued by the American Institute of Certified Public Accountants
- b) Government Auditing Standards, issued by the Comptroller General of the United States
- c) Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*
- d) Single Audit Act of 1984, of which specific details are contained in Audit Guide published by the State Department of Education. A copy of the Department of Education audit guidelines can be obtained from:
http://ed.sc.gov/agency/cfo/finance/Single-Audit/documents/10-11_AnnualAuditGuide_Part1.pdf.
- e) "Governmental Accounting and Financial Reporting Standards" issued by the Governmental Accounting Standards Board
- f) The reporting requirements established by the Governmental Finance Officers Association's "Certificate of Achievement for Excellence in Financial Reporting" program

2.8 One-third (1/3) of the schools for the 2011/2012 fiscal year, one-third (1/3) of the schools for the 2012/2013 fiscal year, and one-third (1/3) of the 2013/2014 fiscal year shall be audited. As part of the school audits, the areas of focus should include, but not be limited to: Verification and validation of cash receipts; proper authorization of payroll and purchasing transactions; and testing of other District policies and procedures. The District reserves the right to select specific schools for auditing when turnover of personnel or other unusual circumstances may necessitate such actions. Otherwise, the Provider shall select the schools to be audited. It is expected that all schools will be audited at least once during a three-year period.

Meetings, Financial Status Reports & Reviews, and Timing of Work

2.9 A pre-audit conference will be held no later than June 1st of each fiscal year to be audited in order to discuss the scope and timing of the audits for that period.

2.10 The auditor may commence audit-related work upon execution of the audit contract by the Executive Director of Finance. The auditor will provide written monthly progress reports commencing the month after contract execution to the Executive Director of Finance, on the status of each audit in progress. Such reports shall detail work accomplished to date, problems encountered which effect the audit's progress, and recommendations for resolution of such problems.

2.11 When working in any audit area, an entrance conference, periodic briefings and an exit conference shall be held with the responsible director of that area.

2.12 The District accounts will be finalized and a final trial balance will be provided to the auditor by September 30th subsequent to each June 30th year end being audited.

2.13 No later than November 1st of each year, a preliminary draft of the District's comprehensive annual financial report must be delivered for review to:

Jeffrey S. Riddle
Chief Finance and Human Resources Officer
Horry County Schools
PO Box 260005
Conway, SC 29528-6005

All draft reports will be reviewed by the Coordinator of Accounting Services, Executive Director of Finance, and Chief Finance and Human Resources Officer.

2.14 Any changes noted on the first draft must be made and resubmitted to the Executive Director of Finance within five days after the District staff reviews and returns the first draft to the auditor.

2.15 The final copy of the comprehensive annual financial report must be delivered to the Executive Director of Finance by November 26th of each year. Should the report not be delivered by November 26th of any year, a penalty of one-half of one percent (0.5%) of the contracted audit fee will be assessed per calendar day, beginning November 27th up to and including the day of delivery of the report.

2.16 The District requires the preparation of the CAFR by the auditing firm. The District requires a copy of the financial audit to be prepared and submitted in conformity with the South Carolina Department of Education requirements. This report shall be submitted to the State Department of Education no later than December 1st of each audited year by the auditing firm.

2.17 District shall submit CAFR report for application for the Award for Excellence in Financial Reporting from the GFOA and the Certificate of Excellence in Financial Reporting from ASBO. The District will be responsible for preparing the Management Discussion & Analysis (MD&A), the Letter of Transmittal, introductory information, and supplemental statistical schedules to be included in the CAFR. The auditing firm shall provide the District with both a hard and electronic copy (on CD) of the **final** CAFR in pdf format.

2.18 If the examination requires that a management letter be issued, a conference will be arranged with appropriate District representatives to discuss the proposed management letter, and an opportunity will be granted for a response to be made. This conference may be scheduled as a preliminary exit conference.

2.19 The Offeror shall, at the District's request, present the report(s) to the Horry County Schools Board of Education at a designated meeting date and time to be provided by the District.

Financial Report Contents and Requirements

2.20 The District's CAFR will fully comply with all requirements as set forth by GASB, as well as any applicable FASB Statements and Interpretations. It must also consist of all detail/combining schedules as prescribed by the South Carolina Department of Education, Office of Finance.

2.21 The CAFR shall be composed of at least four major sections: an introductory section, a financial section, a single audit section, and a statistical section. Each will be compiled to fully meet the reporting requirements of GFOA and ASBO in order to qualify for each organization's Certificate for Achievement for Reporting.

2.22 The report of the examination of the general purpose financial statements must state the scope of the examination and that the financial audit was performed in accordance with generally accepted auditing standards. Also, an opinion on compliance with applicable regulations and generally accepted accounting principles must be rendered. This is specifically discussed in the *State Audit Guide*.

2.23 The Schedule of Expenditures of Federal Awards, as called for in OMB Circular A-133, must be included. The Schedule of Expenditure of Federal Awards must list by federal funding source each grant's subfund code, federal grantor/pass-through grantor program title, federal CFDA number, pass-through grantor's number, and expenditures. The single audit section will contain the appropriate independent auditor's reports as required by OMB Circular A-133.

2.24 If a management letter is necessary, the letter should include a statement of the audit's findings and recommendations which affect the financial statements, internal control, accounting, accounting system, legality of actions, instances of noncompliance with laws and/or regulations, and other material matters.

2.25 Reports must include District comments and responses to all exceptions detailed in the published report.

2.26 Working papers shall be retained by the Offeror for a minimum of five (5) years. The working papers shall be made available for examination by representatives of the State Department of Education, the State Auditor's Office, the Office of General Services, subsequent auditing firms, and other District auditors. In addition, the Offeror shall make all working papers physically available at the District's office, upon verbal request, to District personnel, at a conference regarding acceptance of proposals for financial and/or procurement auditing services, or to any subsequent Offeror of financial and/or procurement auditing services.

Description of Work for the Procurement Audit

2.27 The District is seeking a certified public accounting firm to provide independent procurement audit services in accordance with generally accepted auditing standards. The procurement audit must also be performed in accordance with the provisions of Standards of Governmental Organizations, Programs Activities and Functions, issued by the United States Federal Accounting Office. The audit program, matrix, and internal control questionnaire shall be interpreted to encompass the "Procurement Audit" guidelines when referenced in this document. (See Attachment A)

Meetings, Procurement Status Reports & Reviews, and Timing of Work

2.28 A pre-audit conference will be held no later than July 15th subsequent to each June 30th year end to be audited in order to discuss the scope and timing of the audit for that period.

2.29 The procurement audit work can commence on a date mutually agreed upon by the successful firm and the District.

2.30 When working in the Procurement area, an entrance conference, periodic briefings, and an exit conference shall be held with the Procurement Coordinator and the Executive Director of Finance. An exit interview must be scheduled.

2.31 No later than December 1st, a preliminary draft of both the District's management letter and procurement audit report must be delivered for review to:

John Gardner
Executive Director of Finance
Horry County Schools
PO Box 260005
Conway, SC 29528-6005

All draft reports will be reviewed by the Executive Director of Finance and the Procurement Coordinator.

2.32 Any changes noted on the first draft must be made and resubmitted to the Executive Director of Finance within five days after the District staff reviews it and returns the first draft to the auditor.

2.33 The final report shall be submitted to the District's Finance Executive Director no later than December 1, 2012 and December 1st of any subsequent renewal year. Should the report not be delivered by the dates stated, a penalty of one-half of one percent (0.5%) of the contracted audit fee will be assessed per calendar day, beginning the day after the due date up to and including the day of delivery of the report.

2.34 If the examination requires that a management letter be issued, a conference must be scheduled with the Executive Director of Finance and the Coordinator of Procurement to view a preliminary draft of the management letter. The District will be given an opportunity to discuss the management letter and audit findings for possible revision. This conference may be scheduled as a preliminary exit conference.

Procurement Audit Report Contents & Requirements

2.35 The procurement audit report must state the scope of the procurement audit and that the audit was performed in accordance with generally accepted accounting standards as well as the State of South Carolina audit standards. It must also include an opinion as to whether the statements conform to generally accepted procurement principles.

2.36 The management letter, if any, shall include a statement of audit findings and recommendations affecting the procurement activities and internal controls and shall identify material weaknesses or reportable conditions.

2.37 A final copy of the management letter and procurement audit report shall be provided to the State of South Carolina Budget and Control Board, Procurement Services Division, Office of Audit and Certification, 1201 Main Street, Suite 600, Columbia, SC 29201, and three copies of the final management letter and audit report shall be submitted to the State of South Carolina Department of Education, Office of Finance, District Auditing and Field Services, 1429 Senate Street, Suite 308A, Columbia, SC 29201. These reports must be mailed no later than December 1, 2012 and December 1st of any subsequent renewal year.

2.38 The Offeror shall, at the District's request, present the report(s) to the Horry County Schools Board of Education at a designated meeting date and time to be provided by the District.

2.39 Working papers shall be retained by the Offeror for a minimum of five (5) years. The working papers shall be made available for examination without charge by representatives of the State Department of Education, the State Auditor's Office, the Office of General Services, subsequent auditing firms, and other District auditors. In addition, the Offeror shall make all working papers physically available at the District's office, upon verbal request, to District personnel, at a conference regarding acceptance of proposals for financial and/or procurement auditing services, or to any subsequent Offeror of financial and/or procurement auditing services.

Staff/Information Availability

2.40 The District's staff will be available to prepare schedules on a reasonable basis. Both the accounting and procurement staff generally will provide requested documentation. Data processing staff, equipment, and generalized user software will be available for auditing purposes on a reasonable, scheduled basis. The District is willing to provide the maximum possible assistance to the successful Offeror without significant disruption to the District's daily operations.

2.41 All primary accounting records are maintained in the Division of Fiscal Services. Materials required for auditing the schools will be brought from the schools selected to the District's office at 335 Four Mile Road, Conway, South Carolina, for auditing purposes.

2.42 The staff will provide a copy of all checks issued for each audit year, excluding exempt purchases where possible as a sampling data base.

2.43 A copy of the most current budget is available upon request.

Contractual Arrangements

2.44 An award letter will be issued by the District to the successful Offeror. The award letter will specify the maximum fee to be paid for performance of the proposed audit as set forth in the successful proposal and will be for the fiscal years ended June 30, 2012, 2013, and 2014.

2.45 Progress billings will be accepted up to 50% of the total fee for each audit. Billings are to be addressed to the Executive Director of Finance and delivered to the address previously given. A purchase order shall be issued for the total fee and should be listed on any billings. Billing for the final 50% of the fee will be accepted upon final acceptance of the procurement reports. The district reserves the right to adjust the percentages (up or down) based on meeting agreed delivery dates in previous year(s). All invoices should include your purchase order number(s).

OFFICIAL SUBMISSION FORM

RFP #1112-30 Signatory Information Sheet

Date of Offer: _____ Federal Identification Number: _____
Offeror Firm/Company Name: _____
Offeror Mailing/Street Address: _____
Offeror City / State / Zip: _____
Telephone Number: _____ Fax Number: _____
Website Address: _____
Name / Title of Authorized Offeror: _____
Signature of Authorized Offeror: _____
Telephone Number: _____ Fax Number: _____
E-mail Address: _____

Please answer the following questions:

1. Are you certified as a MOB/WOB (minority-owned business/woman-owned business) by the State of South Carolina? ☐ Yes ☐ No If yes, provide certification number: _____ If no, would you qualify as a MOB/WOB based on the District's requirement of at least fifty-one percent (51%) ownership by a woman or person of ethnic (non-white) origin? ☐ Minority-owned ☐ Woman-owned
2. Acknowledge receipt of all addenda issued: Addendum No. _____ Offeror's Initials _____
Addendum No. _____ Offeror's Initials _____
Addendum No. _____ Offeror's Initials _____
3. Is your proposal submitted as an original with four (4) completed copies? ☐ Yes ☐ No
4. Is the proposal valid for ninety (90) days following the proposal opening date and time? ☐ Yes ☐ No
5. Is all proprietary information clearly marked in your proposal? ☐ Yes ☐ No ☐ N/A
6. Is the signatory on this cover sheet legally authorized to bind the Offeror? ☐ Yes ☐ No
7. If requested, will you make an oral presentation of your proposal at the District's request? ☐ Yes ☐ No
8. Do you understand that all costs associated with preparation and submission of this proposal and any oral presentation at the District's location are done without any expectation of reimbursement by the District?
☐ Yes ☐ No
9. Are you proposing use of any sub-contractors to perform any activities under this contract? ☐ Yes ☐ No
If yes, please identify all sub-contractors below. The District encourages the use of minority/women-owned businesses. Are any of the sub-contractors listed below in these categories? ☐ Yes ☐ No
If yes, identify.

10. Do you agree that any sub-contracted services are subject to the District's approval and the District must be assured that any proposed sub-contractors can perform the work to the desired quality and in the timely manner required and that sub-contractors are not revealed in this proposal shall not be used after inception of the contract without the express written approval of the District? ☐ Yes ☐ No ☐ N/A

Do you further agree to be the sole point of contact and to act as prime contractor and assume full responsibility for the procurement, delivery, and quality of such services? ☐ Yes ☐ No ☐ N/A

11. Have you clearly listed any deviations from the contract requirements and fully explained such deviations at the end of your response? ☐ Yes ☐ No Any deviations from the contract requirements that are not fully identified or explained at the completion of the response will be considered of non-effect on any resulting contract entered into, even if a notation, identification or reference is made within the other sections of the response.

13. Are the fees quoted firm for the initial contract year and all subsequent renewal years? ☐ Yes ☐ No

14. Have you clearly indicated a "not to exceed" cost for each of the three (3) possible contract years?
☐ Yes ☐ No

15. Acknowledge whether you can provide a financial audit no later than November 26, 2012

NO (offeror's initials) _____ YES (offeror's initials) _____

and a procurement audit no later than December 1, 2012.

NO (offeror's initials) _____ YES (offeror's initials) _____

16. For the financial audit, can you perform the audit in accordance with Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards* as issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the "Governmental Accounting and Financial Reporting Standards" issued by the Governmental Accounting Standards Board?

Yes, I acknowledge that my firm can provide a bona fide financial audit in accordance with Generally Accepted Auditing Standards (GAAS), *Governmental Auditing Standards* as issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the "Governmental Accounting and Financial Reporting Standards" issued by the Governmental Accounting Standards Board.

Offeror's Signature

17. Can you follow the procurement audit plan of the State of South Carolina (Appendix A)?

Yes, I acknowledge that my firm can provide a bona fide procurement audit in accordance with the State of South Carolina's plan in Appendix A and that the audit will consist of a review of procurement related documents in accordance therewith and will not be a financial audit in accordance with GAAP or GAAS.

Offeror's Signature

18. List the name of any officer, director, or agent of the Offeror that is also an employee of the District. ☐ None

19. List the name of any District employee who owns, directly or indirectly, an interest of five percent (5%) or more of the Offeror's firm or any of its branches. ☐ None

The Offeror shall prepare a response to all of the following questions and shall submit **one (1) original and four (4) copies** to Horry County Schools as stated in the Proposal Instructions. Each **SECTION** should begin on a separate sheet.

SECTION 1: Signatory / Information Sheets

The previous signatory sheet shall begin the proposal.

SECTION 2: Introduction (Letter of Transmittal limited to two (2) pages)

Provide an executive summary highlighting the major points of the proposal. Briefly state your understanding of the services and the firm's ability and technical competence to perform such services.

Please list the person or persons who are authorized to make representations for your firm, their titles, and addresses and phone numbers. State that the person signing the letter will be authorized to bind the Offeror.

SECTION 3: Firm Identification and Qualifications (Maximum of 35 points)

Provide a complete description of the Offering firm to include;

1. Licensing – submit proof of licensing in the State of South Carolina. (Maximum of 7 points)
2. State the ability of the Offeror to complete the final CAFR by November 26th, 2012 and November 26th of any subsequent year. (Maximum of 7 points)
3. Provide a list of school districts (a minimum of three) as references for whom the firm has provided financial and procurement audits. If no school districts, then other entities for whom the firm provided financial and procurement audits. (Maximum of 6 points)
4. Experience of firm with financial and procurement audit services with the State of South Carolina, local governments, and school districts, in particular, of similar type and size as the District. Describe significant developments in your firm in the fast five (5) years, such as ownership changes, reorganizations, additions/deletion of service functions, etc. as well as any changes you anticipate in the future. (Maximum of 5 points)
5. Indicate the year and the results of your last peer review. (Maximum of 4 points)
6. Speak to the independence of the firm and if membership exists in the SEC Practice Section of the AICPA Division of Firms. (Maximum of 3 points)
7. Size and location – national, regional, local; location of office where services for the District will be performed, etc. (Maximum of 3 points)

SECTION 4: Staff Experience & Preparation of Financial Audit (Maximum of 25 points)

1. Identify the partner, supervisors, and staff who will work on the Financial Audit for Horry County Schools. Résumés for each person to be assigned to the audit should include relevant experience and continuing education. Include their experience with governmental fund accounting and auditing, their experience and/or knowledge of GASB Statement No. 34, and indicate the most recent continuing education in governmental auditing/accounting completed for compliance with OMB Circular A-133 requirements. (Maximum of 15 points)
2. Indicate the experience of CAFR for awards/certificates with the Award for Excellence in Financial Reporting program of the Government Finance Officers Association of the United States and Canada (GFOA) and the Certificate of Excellence in Financial Reporting program of the Association of School Business Officials (ASBO). List contact names, fax numbers, and telephone numbers. (Maximum of 7 points)

3. Describe the full range of administrative/consultation/financial or other services that can be made available to the District. Also indicate strengths of the firm, how the current structure can benefit the District or any other information that would be helpful in evaluating the size of the firm and its capabilities. (Maximum of 3 points)

SECTION 5: Staff Experience & Preparation of Procurement Audit (Maximum of 20 points)

1. Identify the partner, supervisors, and staff who will work on the Procurement Audit for Horry County Schools. Résumés for each person to be assigned to the audit should include relevant experience and continuing education. Resumes should reinforce the ability to conduct procurement audits. (Maximum of 15 points)
2. Include a statement that the firm has a working knowledge of school districts' procurement codes and has a working knowledge of the state auditor's office and the attached Appendix A form. (Maximum of 5 points)

SECTION 6: Work Plan/Work Schedule/Timeline (Maximum of 10 points)

Describe the scope of the required services to be provided.

Submit a work plan to accomplish the scope of work. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified.

SECTION 7: Legal Issues/Conflicts of Interest (Maximum of 10 points)

List any violations of federal, state, or local regulations or laws within the past three (3) years and any pending or current litigation, arrangements with other firms that could pose a conflict of interest or that the District should be aware of.

SECTION 8 – Cost Proposal/Fees for Services (to be submitted in separate envelope with original proposal) (Maximum of 25 points) Do Not include Cost in copies.

Estimate the total hours, the estimated out-of-pocket costs and the resulting all-inclusive maximum fee for which the requested work will be done for both the financial and procurement audits. An appendix stating the hourly rates to be charged for each staff classification should be included.

Fees for subsequent years should be included as firm, not-to-exceed amounts.

Fixed firm fees for services should include travel, administrative support, production, car, courier, photocopier, fax, telephone, parking, printing, etc. and all other associated costs; all out-of-pocket disbursements that you anticipate will result in a charge to the District.

This cost sheet is to be included in a sealed envelope in the ORIGINAL response.

FINANCIAL AUDIT – FULL SERVICE

Time Period to be Audited	Bid Price
July 1, 2011 – June 30, 2012	\$
July 1, 2012 – June 30, 2013	\$
July 1, 2013 – June 30, 2014	\$
TOTAL	\$

PROCUREMENT AUDIT – FULL SERVICE

Time Period to be Audited	Bid Price
July 1, 2011 – June 30, 2012	\$
July 1, 2012 – June 30, 2013	\$
July 1, 2013 – June 30, 2014	\$
TOTAL	\$

HOURLY RATE:

Hourly rate charged for additional work that may be identified over and above what would be normally required.

\$_____ per hour

Authorized Signature:

Date _____

Firm Name: _____

ATTACHMENT A
RFP # 1112-30

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION

AGENCY NAME



AUDIT PERIOD

SCHOOL DISTRICTS AUDIT PROGRAM

INDEX

- A. General Control Program**
- B. Code Compliance - General**
- C. Compliance - Sole Source and Emergency Procurements**
- D. Compliance - Goods and Services, IT, Consultants and Construction**
- E. Surplus Property**

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

 Step #	DONE BY <u>AND DATE</u>	W/P <u>REFERENCE</u>
A. <u>GENERAL CONTROL PROGRAM</u>		
1. Arrange for entry conference with district officials to discuss upcoming audit. Prepare a memo if necessary.		A-4
2. Review correspondence to date since the prior engagement and other working papers (including auditor's suggestions for programs changes). Prepare a memo		A-5
3. Obtain answers to questionnaire (ICQ) on internal controls and efficiency and efficiency and effectiveness. Prepare an evaluation.		A-3
4. Review all audit reports from internal and external audit organizations since the previous engagement. Review scope of audit program in the procurement area and their resulting reports. Prepare a memo if necessary.		A-7
5. Have district prepare and sign standard representation letter.		A-9
6. Prepare memo for next audit listing pending matters, suggested changes in audit procedures or other items which will be of help in preparing the next audit. N/A if not necessary..		A-11
 7. Update organization charts, showing the purchasing office's location in the district's overall structure and the internal organization of the purchasing office itself.		A-16
8. Complete working paper index. Make certain that all working papers are properly headed, initialed and dated and that they accurately support the conclusions reached. Review all workpapers of audit team members.		
9. Prepare, in good form, draft report (management letter) pointing out out weaknesses noted during our audit our recommendations for improvements in the system and any recommended certification limits.		A-1
10. Prepare the time summary and track time for the audit. Include all post fieldwork time.		A-12
11. Arrange and conduct an informal exit conference to advise district officials of probable audit exceptions.		A-10
12. Arrange and conduct an exit conference to go over the results of our audit with district personnel. Document any changes to the draft report.		A-8
13. Arrange and conduct follow-up review if necessary. to determine if corrective action has been taken and prepare supplemental report		A-13
14. Review managers notes		A-15

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

Step #	<u>DONE BY AND DATE</u>	<u>W/P REFERENCE</u>
B. <u>CODE COMPLIANCE - GENERAL</u>		
1. Obtain copy of district Code and regulations and any internal procedures manual and review. Update the office file B-1		
2. Minority Business Enterprise (MBE) Utilization a. Check to see that annual plans were approved and submitted timely. b. Determine that quarterly reports and annual reports were filed timely.		B-2
3. Determine if credit card purchases are being managed in compliance with the Code and internal procedures.		B-3
4. Review blanket purchase agreement files or lists. Test BPA procedures and a sample of release files.		B-4
5. If bid files are not adequately tested in D, review a sample of sealed bid and quotation files.		B-5
6. Review a block sample from the numerical purchase order file. Check for: a. splitting of orders b. favored vendors c. any questionable procurements that you feel you need to look at.		B-6
7. If necessary, combine memos from all areas to identify common compliance		B-7
8. Determine that procurements of revenue generating contracts such as contracts such as vending/concessions management, trademark management, television/radio management, etc. were done in accordance with the Code.		B-8
9. Determine if the district maintains a separate file for ratification and that ratifications were properly done and approved in accordance with the district's Code and Regulations.		B-9
10. If necessary, visit a sample of satellite offices to test field procurement procedures.		B-10

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

Step
#

**DONE BY
AND DATE**

**W/P
REFERENCE**

C. SOLE SOURCE, EMERGENCY AND TRADE-IN PROCUREMENTS

To determine the validity of sole source, emergency and trade-in procurements reported and their Code compliance.

Obtain copies of all Determinations and Findings and related purchase orders or vouchers for period being reviewed.

C-1

1. Obtain document stating who is authorized to sign sole source and emergency procurements for the district.
2. Review each sole source and emergency determination and finding. Determine that each procurement is:
 - a. justified
 - b. properly approved
 - c. accurately reported
3. Review file of trade-ins for:
 - a. Proper approvals if the original cost is greater than \$5,000.
 - b. accurate reporting

Prepare a memo on what quarters were tested, the dollars tested and our findings. State the number of transactions and total dollars tested in the memo.

C

D. COMPLIANCE - GOODS AND SERVICES, IT and Consultants and Construction

1. Establish that procurement authority and responsibility is vested in the purchasing department, or, if not, it is clearly defined and logically delegated.
2. Select and test a sample of transactions, using the standard matrix.
3. Assure that sample items for construction or architect services are in compliance with ODFM manual. Prepare a schedule using Major Construction Matrix Exhibit B) or A&E and Related Professional Services Matrix (Exhibit C). If project began before this audit period and contract has been tested previously, test change orders that occurred during the audit period. Expand sample as necessary to assure adequate coverage of contracts awarded.
4. Prepare memo of findings.

D-1

D-2
D-3

D

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

SURPLUS PROPERTY

1. Determine that the district has properly handled disposal and sales of surplus property.
2. Determine if the district has conducted sales of surplus property, scrap or junk during the audit period. Review sales documentation for compliance with the Code.
3. Prepare a memo covering the work performed and findings.

E

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

EXHIBIT A

STANDARD MATRIX FOR D-1

- (A) The properly approved requisition agrees with the purchase order and the vendor invoice for items procured and amount. Invoice and purchase order amounts agree. The voucher is supported by the proper receiving reports which are signed and dated by receiving personnel. Dates of documents indicate that the procurement was properly authorized
- (B) Discounts were taken and payment was made in a timely manner. Only S.C. sales taxes were paid.
- (C) All changes to the purchase order (i.e., price and quantity changes) were properly documented and approved.
- (D) Materials Management Office term contracts were properly utilized. If term contract prices beaten by 10%, determine that term contract vendor was offered chance to match price.
- (E) The procurement was handled in accordance with the District's Code and Regulations and any internal procurement procedures.
- Small Purchases (< \$25,000.00)
 - < \$1,500.00 - Price was fair and reasonable
 - \$1,500.00 - \$4,999.99 - Phone quotes requested and documented
 - \$5,000.00 - \$9,999.99 - Written quotes requested and documented
 - \$10,000.00 - \$24,999.99 - Written request for quotations documented
 - Written responses documented
 - Advertisement documented
 - Competitive Sealed Bids (>\$25,000.00)
 - Written invitation for bids documented
 - Written responses documented and tabulated
 - Advertisement documented
 - Award posting documented
 - Competitive Sealed Proposals (>\$25,000.00)
 - Same as competitive sealed bids above; and
 - Determinations to do RFP's and award RFP's prepared
 - Sole Source
 - Written determination prepared in advance and approved by authorized official
 - Single source was appropriate
 - Transaction reported
 - Emergency
 - Written determination prepared and approved by authorized official
 - Emergency was justified
 - Competition, as practicable was sought
 - Transaction reported
 - Procurement > \$50,000.00
 - Notice of Intent to Award provided to all respondent (N/A for sole source and emergency procurements)
 - Drug Free Workplace Certification obtained (All type procurements)
- (F) All other aspects of the procurement appear proper.

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

EXHIBIT B

MAJOR CONSTRUCTION MATRIX

- A. ODFM approval of plans for new buildings and major renovations
- B. Construction Contract
 - 1. Advertised for 30 days with 3 separate advertisement
 - 2. Bid form of low bidder with listing of subcontractors
 - 3. Bid security of low bidder with power of attorney (5% of bid)
 - 4. Certified Bid Tabulation sent to all bidders within ten (10) days
 - 5. Statement of Award or Notice of Intent to Award (if over \$50,000) sent to all bidders and posted.
 - 6. Fully Executed Construction Contract
 - 7. Performance Bond and Labor and Materials Payment Bond with Power of Attorney (100% of contract).
 - 8. Contractor's Certificate of Insurance
 - 9. Approval of Contract as necessary
 - 10. Notice of Proceed issued after approval
- C.. Change Orders
 - 1. All change orders to construction contract approved
 - 2. Compare change order approval dates with applications for payment.
- D.. Payment of Contractor
 - 1. Application for payment for construction contract
 - 2. Retention - 10% Maximum
- E. Request for sole source procurement.
 - Written determination prepared in advance and approved by authorized official
 - Single source was appropriate
 - Transaction reported
 - Labor and Material Payment Bonds received if over \$100,000
- F. Request for emergency procurement
 - Written determination prepared and approved by authorized official
 - Emergency was justified
 - Competition, as practicable was sought
 - Transaction reported
 - Labor and Material Payment Bonds received if over \$100,000

EXHIBIT C

**PROCUREMENT SERVICES DIVISION
OFFICE OF AUDIT AND CERTIFICATION
SCHOOL DISTRICTS AUDIT PROGRAM**

A&E AND RELATED PROFESSIONAL SERVICES MATRIX

- A. Advertised with response date at least 15 days .
- B. Bidders must use proper form in response
A&E Service Questionnaires, Federal Standard Forms #254 and #255.
- C. Interviews
 - 1. Selection committee's determination must be in writing as to ranking.
 - 2. Written notification of order of ranking must be sent to all responding vendors.
- D. A&E Selection Approval Request
 - 1. Approval obtained as required.
 - 2. Copy of executed agreement for A&E services.
- E. A&E Approval Request - Small Contracts
 - 1. Procurement must be under \$25,000 (Steps A-D do not apply).
 - 2. Copy of executed agreement for A&E services.
- F. Sole Source of A&E
 - Executed agreement to A&E services
 - Written determination prepared in advance and approved by authorized official
 - Single source was appropriate
 - Transaction reported
- G. Emergency Procurement of A&E
 - Executed agreement
 - Written determination prepared and approved by authorized official
 - Emergency was justified
 - Competition, as practicable was sought
 - Transaction reported