



## **THEA BOWMAN LEADERSHIP ACADEMIES**

Enriching Scholars Grades K-12

# REQUEST FOR PROPOSAL FOR AUDITING SERVICES

RFP NO. 24-001

Thea Bowman K-12  
3401 W. 5<sup>th</sup> Avenue  
Gary, IN 46402

Contact us:  
219-944-3100

Drexel Foundation for Educational Excellence dba Thea Bowman Leadership Academy (TBLA)  
**Request for Proposal (RFP) for Audit and Tax Services**  
**January 19, 2024**

**PURPOSE**

The purpose of this RFP is to select a vendor to provide professional audit and tax services to the Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) in accordance with Indiana State Board of Accounts (SBOA) [Amended State Examiner Directive 2015-2](#). All services must comply with Directive 2015-2 and SBOA's [Guidelines for the Audits of Charter Schools by Private Examiners](#) (2012) (Audit Guidelines). Respondents may submit proposals for one, all, or any combination of the services described in this RFP.

**SCOPE OF SERVICES**

ANNUAL AUDIT SERVICES

The Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) financial statements must be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles using the Chart of Accounts found in SBOA's *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* (2012) (Accounting and Uniform Compliance Guidelines), which may be found here: <http://www.in.gov/sboa/4485.htm>.

If the charter school is required to have a Single Audit, a Schedule of Expenditures of Federal Awards must be prepared. The Schedule of Expenditures of Federal Awards must meet the requirements set forth in Title 2, Code of Federal Regulations (CFR), Subtitle A, Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and must be in the format described in the guidelines established by SBOA.

The audit must be prepared for the fiscal year ending June 30, 2024

The United States Department of Education requires states administering the federal Public Charter School Program to ensure that schools receiving Planning or Implementation Grant awards undergo annual, independent audits by a private examiner that comply with generally accepted auditing standards and with the *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States (Yellow Book).

These audits must also comply with SBOA's Audit Guidelines. While a summary of the Audit Guidelines is provided below for information purposes, respondents to this RFP should refer to the complete set of Audit Guidelines prior to submitting a proposal.

## *Audit Requirements*

To be considered for the audit services, the private examiner must:

1. Be a certified public accountant and/or CPA firm licensed to practice in the State of Indiana.
2. Meet the applicable requirements of the Yellow Book or of the American Institute of Certified Public Accountants (AICPA).
3. Have no record of performing substandard audits.
4. Understand that the private examiner is subject to the direction of the State Examiner when performing State Audits.
5. Provide its most recent external peer review report; any letters of comment; and any corrective action plan.

In addition, the following requirements must be met:

1. The audit shall be conducted in accordance with generally accepted auditing and Yellow Book standards (if applicable). Compliance with the Yellow Book is only required if a Single Audit is performed in accordance with the Uniform Guidance.
2. The audit shall be performed in accordance with guidelines established by SBOA and, if applicable, the Uniform Guidance. Charter schools that receive and expend federal awards are subject to the provisions of the Single Audit Act, as amended by the Single Audit Act Amendments of 1996. If the charter school is subject to a Single Audit in compliance with the Uniform Guidance, then the audit must also be performed in accordance with the Yellow Book.
3. The audit shall address items of noncompliance as they pertain to the auditee and as addressed in SBOA's Audit Guidelines.
4. The private examiner must notify the State Examiner immediately if there is misappropriation of funds suspected to be the result of malfeasance, misfeasance or nonfeasance discovered during the course of the private examiner's work. Notification should be by email to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov).
5. SBOA must be notified of the date, time, and place the results of the audit will be discussed with charter school officials (exit conference) at least two (2) business days prior to the meeting by email to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov).

6. SBOA must receive a copy of the financial audit and supplemental reports, as well as any separate communication to the entity's management, including a management letter, in an unlocked pdf, Microsoft Word, or Microsoft Excel file. These files must be emailed to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov) within ten (10) business days of the reports being issued by the private examiner.
7. All documentation used to support the contents of audit reports shall be available for review by SBOA at the State Examiner's discretion at no cost.

Audits performed by private examiners are to be completed and all required reports issued within one hundred-eighty (180) days after the close of the audit period (i.e., the end of the fiscal year for which the audit is being conducted). A request for an extension of time is permissible, and must be made by emailing SBOA at [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov). The request must include the reason an extension is needed and the amount of extra time being requested. Extensions, at the discretion of the State Examiner, may be granted for up to an additional sixty (60) days. Requests for extension must be received no later than ten (10) days prior to the report deadline to be considered for approval. Extensions are not automatic; any request for an extension of time to complete the audit may be rejected by the State Examiner. A time extension approval shall be provided in the form of a written response.

Any fraud identified by, or brought to the attention of, the private examiner, such as misappropriation, embezzlement or other illegal acts shall be reported by the private examiner, **immediately upon discovery**, to SBOA via email to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov).

### *Reporting Requirements*

#### Financial Audit Report

The financial audit report must contain the financial statements of the Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) charter school and the private examiner's opinion thereon. Financial statements must include a balance sheet, income statement, and statement of cash flows; the financial report must also include the private examiner's opinion, findings, recommendations, and management's responses.

In addition, the financial audit report must explicitly disclose in financial statements or in auditor's notes all interest and principal payments for debt service and the school's actual enrollment count. For schools that are contracting with a full or partial services management company (ESP), the final audit report must disclose the basis by which management fees are valued or calculated and how the fee structure compares to other schools in Indiana or elsewhere managed by the ESP.

If the Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) charter school is required to have a Single Audit, the report must include a Schedule of

Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards must meet the requirements as set out in the Uniform Guidance and the Guidelines for the Audit of Charter Schools by Private Examiners issued by the State Board of Accounts.

If a Single Audit is required, two additional reports must be included with the financial report in accordance with the Yellow Book and the Uniform Guidance. These reports are:

1. A Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
2. A Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Controls Over Compliance in Accordance With the Uniform Guidance.

The private examiner is required to comply with all other applicable reporting requirements in accordance with the Uniform Guidance.

The financial audit report shall include a reference to any other reports issued by the private examiner for the charter school. These other reports would include a supplemental report issued on noncompliance as described below.

### Supplemental Report

In addition to the findings required to be included in the financial audit report for compliance with the Yellow Book and the Uniform Guidance, a supplemental report must be issued in all instances where the private examiner identifies noncompliance with laws, regulations, and SBOA's Accounting and Uniform Compliance Guidelines. On every examination performed, inquiry shall be made as to:

1. The financial condition and resources of each municipality, office, institution, or entity.
2. Whether the laws of the State of Indiana and SBOA's Accounting and Uniform Compliance Guidelines have been complied with. Exhibit A of the Accounting and Uniform Compliance Guidelines identifies the required minimum compliance testing. In addition to the required minimum compliance testing, the audit should include additional compliance testing as deemed necessary for risks identified during the examination process; and
3. The methods and accuracy of the accounts and reports of the person(s) examined.

The supplemental report should include a transmittal letter that references the audit report, any findings of noncompliance, a schedule of officials examined, and documentation of the exit

conference. The supplemental report should also include any response from the school officials concerning the audit.

In addition, and when applicable, the auditor should prepare and submit a management letter. The management letter should be prepared in accordance with the parameters outlined in Exhibit B of the Accounting and Uniform Compliance Guidelines.

If a compliance issue is identified during the compliance review and the noncompliance is deemed by the private examiner to be in excess of the parameters set out in Exhibits A and B of the Accounting and Uniform Compliance Guidelines, a written comment will need to be included in a supplemental report. The written comment should be prepared in accordance with Exhibit B of the Accounting and Uniform Compliance Guidelines.

*Note: A supplemental report is not required to be issued for charter schools if no instances of noncompliance are found.*

#### *Report Distribution*

Private examiners are required to file a copy of the financial audit report with SBOA. In addition, reports required to be filed with federal awarding agencies and pass-through entities when an audit is performed in accordance with the Yellow Book and/or the Single Audit Act must also be submitted to SBOA by sending an unlocked pdf, Microsoft Word, or Microsoft Excel within ten (10) days of issuance to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov). All reports submitted will be posted to SBOA's public website and distributed as required by Indiana law.

If a supplemental report is required, private examiners are required to file a copy of the supplemental report with SBOA prior to release. The supplemental report must be submitted to SBOA by sending an unlocked pdf, Microsoft Word, or Microsoft Excel within ten (10) days of completion to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov). The reports will be posted to SBOA's public website and distributed as required by Indiana law.

Private examiners are also responsible for providing copies of all separate communications with the charter school's management containing results of work performed, such as management letters. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with the audit, a copy shall be filed with SBOA. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report or supplemental report (i.e., they should not include any items that were not disclosed in the findings in the published audit report or supplemental report). These separate communications should be submitted in the form, time and process specified above. There shall be no written communication between the private examiner and the charter school that is not shared with the State Examiner.

## ANNUAL TAX SERVICES

Respondents to this RFP should provide a cost estimate to assist schools with preparing the following tax reports required by the Internal Revenue Service and the Indiana Department of Revenue:

- Federal Form 990
- Indiana Form NP-20
- Indiana Form 103 and 104

## **INSTRUCTIONS**

### SERVICES TO BE PERFORMED

Your proposal is expected to cover one or more of the following services:

1. Compilation of audited financial statements, including applicable notes and schedules, per the requirements above.
2. Annual financial statement audit, including a Single Audit, if warranted, an annual compliance audit, and supplemental reports, per the requirements above.
3. Annual tax services per the requirements above.

### RESPONSE TO THIS REQUEST FOR PROPOSAL

In responding to this request, please provide the following information:

1. Detail you or your firm's experience in providing auditing and tax services to organizations in the charter school and/or non-profit organization sectors. Also note how long your firm has been in existence.
2. Provide information on whether you provide services to any associations or groups related to the charter school.
3. Discuss you or your firm's independence with respect to the Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA).
4. Provide a completed Conflict of Interest Statement to confirm independence from TBLA, the ESP (PLA/EVE), TBLA employees and the Board of Directors.
5. State whether you or your firm is a member of the AICPA Governmental Audit Quality Center and if so, for how long.
6. Identify the partner, manager, and auditor in-charge who will be assigned to our job if you are successful in your bid and provide biographies for each person. Please indicate

any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Please also indicate any corrective actions that have been taken by the firm with respect to such complaints.

7. Certify that each individual that will be associated with the audit has complied with all applicable continuing education requirements for audits of governmental entities (e.g., the Yellow Book 80-hour requirement).
8. Describe how your firm will approach the audit of the school, the areas of review that will receive primary emphasis, the firm's use of technology to conduct the audit, and the use of any association or affiliate member firm personnel or subcontractors. In addition, describe the communication process that you will be use to discuss issues with the management of the charter schools, its Board, and/or Finance Committee.
9. Provide a cost estimate for each of the following services to be performed during an initial engagement and subsequently on an annual basis:
  - a. Audit of the financial statements of charter school needing the Uniform Guidance
  - b. Compilation of audited financial statements
  - c. Preparation of Federal Form 990
  - d. Preparation of Indiana Form NP-20
  - e. Preparation of Indiana Form 103 and 104
10. Furnish standard billing rates for each class of professional personnel employed by you or your firm for each of the last three years.
11. Provide, for reference purposes, the names and contact information of at least three other, similarly sized clients to which the partner and manager that will be assigned to our organization's audit have performed similar roles.
12. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent auditor is the best decision we could make.
13. Include a copy of your firm's most recent peer review reports, related letter of comments, and the firm's response to each letter of comments.
14. Provide your current charter school client list. Distinguish between clients to which you provide audit services and those to which you provide other professional services. Please also indicate the names of clients that have discontinued use of your services or to which you have discontinued services during the last three years.
15. Provide a proposed timeline for the starting and completion of all audit work.
16. Provide a statement that the audit shall be completed by the required deadline(s).



## PROPOSAL SUBMISSIONS

Please email your proposal with the header of “Proposal for Auditing and Tax Services” to the attention of Carlo Hershberger, Director of Finance and Accounting for Entrepreneurial Ventures in Education (EVE), at the following email address: [chershberger@phalenacademies.org](mailto:chershberger@phalenacademies.org). The Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) has entered into an education services provider agreement with EVE, whereby EVE provides educational and financial management services, however, TBLA operates under the direction of the TBLA Board of Directors.

Please submit your response to this request for proposal by **5:00 pm Central Standard Time (CST) of March 15, 2024**. Any proposal received after the stated date will not be considered. All proposals must be signed by an officer or employee having authority to legally bind the proposing entity or individual.

## EVALUATION OF PROPOSALS

The Drexel Foundation for Educational Excellence d/b/a Thea Bowman Leadership Academy (TBLA) will evaluate proposals on a qualitative basis. This includes our review of the firm’s peer review reports and related materials, interviews with senior engagement personnel to be assigned to our organization, discussions with our authorizer and other clients, and the firm’s completeness and timeliness in its response to us.