



FAYETTE COUNTY PUBLIC SCHOOLS

**PURCHASING DEPARTMENT, ROOM 137  
1126 RUSSELL CAVE ROAD  
LEXINGTON, KY 40505  
859.381.3885  
[www.fcps.net/bids](http://www.fcps.net/bids)**

<b>Request for Proposals Number and Title</b> RFP 63-19 Audit Services	<b>Department</b> Financial Accounting and Benefit Services
<b>Due Date/Time:</b> Friday, November 1, 2019 at 12:00:00PM Local Time	<b>Term of Contract</b> 2019-2020 fiscal year through the audit of FY 2023-2024

FCPS now uses an internet based platform for all of our Bids and RFPs. Any notifications, including amendments to bids, post bid award notices and future bid advertisements, will be made through this platform. Please go to [www.fcps.net/bids](http://www.fcps.net/bids) to register as a vendor and keep your profile updated to insure you are up to date on all FCPS Bids.

\_\_\_\_\_

**Firm Name**

\_\_\_\_\_

**Address** \_\_\_\_\_  
**City/State/Zip**

\_\_\_\_\_

**Telephone/Fax** \_\_\_\_\_  
**Email**

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ **or** \_\_\_\_\_/\_\_\_\_\_

**Social Security Number** **Employer Identification Number**

**RFP DOCUMENTS AND A SUCCESSFUL OFFEROR'S RESPONSE CONSTITUTE THE FINAL CONTRACT/AGREEMENT BETWEEN FCPS AND OFFEROR. NO CONTRACT/ AGREEMENT TERMS REQUIRED BY OFFEROR WILL BE CONSIDERED BY FCPS THAT ARE NOT SUBMITTED WITHIN THE RESPONSE. A SUCCESSFUL OFFEROR UNDERSTANDS AND ACCEPTS THIS AS ESSENTIAL TO THE AWARD OF THE RFP. A SUCCESSFUL OFFEROR WHO SUBMITS ANY SUBSEQUENT DOCUMENT FOR FCPS TO ACCEPT/SIGN UNDERSTANDS AND AGREES THAT THIS WILL NOT BE CONSIDERED OR ACCEPTED BY FCPS.**

**FOLLOWING THE SUBMISSION OF A RESPONSE AND THE AWARD OF THE RFP SHOULD A SUCCESSFUL OFFEROR TAKE THE POSITION THAT AN ADDITIONAL DOCUMENT WITH ADDITIONAL TERMS IS REQUIRED FOR A SUCCESSFUL OFFEROR TO COMPLY WITH TERMS OF THE RFP, THE RFP AWARD SHALL BE CONSIDERED VOID AND OFFEROR MAY BE DEBARRED FROM FUTURE WORK WITH FCPS.**

**CERTIFICATE MUST BE EXECUTED BY OFFEROR**

In compliance with this Request for Proposals, in consideration of the detailed description attached hereto and subject to all conditions thereof, the undersigned agrees, if this proposal is accepted within the time stipulated above, to furnish any or all of the items/services upon which prices are quoted in accordance with the specifications applying at the price set opposite each item.

**Offeror agrees to furnish and deliver all items/services set forth or otherwise identified in document and on any additional sheets subject to the terms and conditions herein.**

Date \_\_\_\_\_

Company Name: \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

**Signature** \_\_\_\_\_

## General Conditions of Bidding

1. Offerors are advised that any contract resulting from this RFP must comply with all applicable provisions of KRS 45A and other statutes and policies noted in this RFP.
2. Model Procurement Regulations adopted by the Fayette County Board of Education shall be deemed incorporated by reference in these specifications as though quoted fully herein.
3. The Fayette County Board of Education (Board) implemented revised procedures as of July 1, 2016 for the submittal of bids and proposals. In all Fayette County Public School (FCPS) bidding procedures, all potential offerors are to engage in specifically defined efforts with the Department of Economic Development to include minority-owned, women-owned and veteran-owned business contractors, subcontractors, vendors and suppliers.
4. FCPS Department of Economic Development and Purchasing Department are available to assist and provide a listing, upon request, of certified minority-owned, women-owned and veteran-owned business enterprises (MWVBE). Offerors may consult the list for inclusion of subcontractors currently participating with the offeror. The list is not all-inclusive and may contain only the names of businesses that have [self registered](#) with the Board and have become approved contractors or vendors by contacting either [Department of Economic Development, Division of Physical Support and Purchasing Department](#) and are MBE certified. The contact person for the Department of Economic Development is Marilyn Clark, 859-381-4000, [Marilyn.clark@fayette.kyschools.us](mailto:Marilyn.clark@fayette.kyschools.us). Offerors may use other properly certified MWVBE subcontractors as long as proper certification is provided.
5. When line item pricing is requested, prices must be stated in units of quantity as specified and extended in total column for each item and/or lot. Proposal prices must include transportation and delivery/service to the warehouse or building as specified, if applicable.
6. To receive consideration proposals must be received at 1126 Russell Cave Road, Lexington, KY 40505, Room 137 prior to time designated in this invitation. None shall be accepted thereafter.
7. An officer or member of the bidding firm authorized to legally bind the firm must sign the bid/proposal.
8. The Board of Education reserves the right to accept any bid, to reject any or all bids, to waive any irregularities or informalities in bids received where such acceptance, rejection or waiver is considered to be in its best interest. The Board of Education reserves the right to award by item, combination of items or lot. The Board of Education also reserves the right to reject any bid where evidence or information submitted by the bidder does not provide satisfactory proof that the bidder is qualified to carry out the details of the contract.
9. By submitting a proposal in response to this RFP, the respondent accepts the evaluation process and methodology, as well as acknowledges and accepts that the determination of "the most qualified and capable" firm(s) will require subjective judgments by the Fayette County Board of Education.

10. Proposals are effective for sixty (60) days from date of closing unless otherwise specified in conditions of bidding and general specifications.
11. Manufacturer's catalog numbers, trade names, etc., where shown herein are for descriptive purposes to guide the offeror in interpreting the standard of quality, design and performance desired, and should not be construed to exclude proposals based on furnishing other types of materials or service. However, any substitution or departure proposed by offeror must be clearly noted and described. Otherwise it is understood that offeror intends to supply items specifically mentioned in this RFP. **FCPS reserves the right to determine if materials offered are the type and quality required.**
12. Samples requested must be furnished free of expense to the Board. If not destroyed or consumed in testing or evaluating, or required in connection with the award, samples will upon request be returned at offeror's expense. Right is reserved to mutilate or destroy any samples if considered necessary for testing purposes.
13. If awarded an order or contract, offeror agrees to protect, defend and save harmless The Board from suits or demands for payment that may be brought against it for the use of any patented materials, process, article or device that may enter into the manufacture, construction or form a part of the work covered by either order or contract. Offeror further agrees to indemnify and save harmless The Board from suits or actions of every nature and description brought against it for, or on account of injuries or damages received or sustained by any party or parties by, or for any acts of the offeror, his servants or agents.
14. **The Board is not required to pay federal excise taxes or Kentucky Sales and Use Taxes.** Proposals must be priced accordingly and reflect no sales tax to FCPS.
15. Offerors remain liable for applicable taxes on construction and/or furnish-and-install contracts for FCPS. Adjustments and allowances for any applicable taxes shall be provided for in the bid amount. Later adjustments to the Contract Sum shall not be permitted and/or made on this basis by FCPS.
16. Parties to this agreement are solely responsible for costs incurred in fulfilling obligations under this agreement unless otherwise provided in this agreement. No party shall have any claim against the other party for reimbursement of such costs, unless said costs are attributable to enforcing compliance under this agreement or seeking redress from the other party's default under this agreement.
17. If any section, paragraph or clause of this contract is held invalid by any court of competent jurisdiction, the invalidity of said section, paragraph or clause shall not affect any remaining provisions herein.
18. This contract is made under, governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

19. Venue for any legal action filed concerning this contract is Fayette County, Kentucky.
20. Parties shall not discriminate in any of the services performed in connection with this contract on the basis of race, color, national origin, sex, genetic information, disability, religion, age, political affiliation, sexual orientation or gender identity.
- 21. K45A.455 PROHIBITS CONFLICTS OF INTEREST, GRATUITIES AND KICKBACKS TO EMPLOYEES OF THE BOARD IN CONNECTION WITH CONTRACTS FOR SUPPLIES OR SERVICES WHETHER DIRECT OR INDIRECT.**
- 22. KRS 45A.990 PROVIDES SEVERE PENALTIES FOR VIOLATIONS OF LAWS RELATING TO GRATUITIES OR KICKBACKS TO EMPLOYEES DESIGNED TO SECURE A PUBLIC CONTRACT FOR SUPPLIES OR SERVICES.**
23. This writing, along with the responsive proposal, reflects the entire agreement between the parties. Changes or modifications of this Agreement shall be invalid or nonbinding upon the parties hereto. Nor shall any waiver of any terms or conditions hereof be deemed a waiver of such terms or conditions in the future, unless such change, modification or waiver is in writing and signed by the parties hereto.
- 24. This Request for proposal, along with proposal submitted, if accepted by the Board shall constitute the entire agreement. In the event of a conflict between the terms of the Request for Proposal and the proposal, the terms in the Request for Proposal shall apply. The Board shall NOT CONSIDER contracts or agreements submitted separate from or subsequent to RFP. Any and all terms considered integral to the proposal submitted must be included in or with the proposal document.**
25. Any addendums or updates to the RFP will be posted on [www.fcps.net/bids](http://www.fcps.net/bids). It is the offeror's responsibility to check the website for any updates.
- 26. To be eligible for a contract consideration with FCPS, all companies with nexus in Lexington, Kentucky must be current on all filings and payments of Occupational License and Net Profits Tax for Schools. If it is determined that you are not current on all filings and payments, your bid may be rejected or your contract canceled for noncompliance. For additional information regarding the Occupational License Tax, please visit our website at [www.fcps.net/tax](http://www.fcps.net/tax).**
27. All responses to this RFP become the exclusive property of FCPS. All proposals received in response to this RFP become a matter of public record and shall be regarded as public records, with the exception of, as required by KRS 61.878(1)(c)(1), those elements in each bid which are defined by the offeror as business or trade secrets and plainly marked as "Confidential," "Trade Secret," or "Proprietary." FCPS shall not in any way be liable or responsible for the disclosure of any such proposal or portions thereof if they are not plainly marked as "Confidential," "Trade Secret," or "Proprietary" or if disclosure is required under Kentucky Revised Statutes Chapter 61. Any proposal which contains language purporting to render all or significant portions of the proposal "Confidential," "Trade Secret," or "Proprietary" may be regarded as non-responsive. Although KRS 61.878(1)(c)(1) recognizes that certain

confidential trade secret information may be protected from disclosure, FCPS may not accept or approve that the information that a offeror submits is a trade secret. If a request is made for information marked “Confidential,” “Trade Secret,” or “Proprietary,” and FCPS does not believe that the information is a trade secret, FCPS shall provide the proposer who submitted the information with reasonable notice to allow the proposer to seek protection from disclosure by a court of competent jurisdiction.

28. To meet Kentucky Revised Statutes 45A.430 and 45A.435 purchase orders for construction that are issued that are under \$25,000.00 will not require a bond. Purchase Orders issued that exceed \$25,000.00 will require the contractor to bond. No work shall begin until the offeror has a FCPS issued Purchase Order in hand and has delivered the required Performance and Payment bond to the Department that issued the Purchase Order.
29. The offeror agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. 7401 et seq. The Offeror agrees to report each violation to the USDA and the appropriate EPA Regional Office.
30. The Offeror agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq. The Offeror agrees to report each violation to the USDA and the appropriate EPA Regional Office.

31. Suspension and Debarment

The Offeror understands that a contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.”

By signing and submitting its bid or proposal, the offeror or proposer certifies as follows:

The certification in this clause is a material of fact relied upon by FCPS. If it is later determined that the offeror or proposer knowingly rendered an erroneous certification, in addition to remedies available to FCPS, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The offeror or proposer agrees to comply with the requirements of 2 CFR 180.220 while this offer is valid and throughout the period of any contract that may arise from this offer. The offeror or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

32. A debriefing may be available for any entity that submitted a proposal or bid in response to a solicitation (“Offeror”). Debriefing shall be requested in writing by the unsuccessful Offeror within ten (10) business days of the FCPS publicly releasing the identity of the purported winner of the competition, by posting the notice of contract award on the FCPS approved procurement website. An unsuccessful Offeror’s written request for a debriefing shall be submitted to the purchasing officer.

33. Purchases by other Kentucky Government Entities:

Any government entity in Kentucky shall have the option of making purchases from a contract executed under this bid when such actions are agreed to by the awarded vendor(s). FCPS will not be responsible for payment of any purchases by another government entity.

34. State law requires a contractor that is providing services to students on a regularly scheduled and continuing basis to submit to a state criminal history background check by the Department of Kentucky State Police and the Federal Bureau of Investigation and have a letter, provided by the individual, from the Cabinet for Health and Family Services stating the individual is clear to hire based on no findings of substantiated child abuse or neglect found through a background check of child abuse and neglect records maintained by the Cabinet for Health and Family Services.

Prior to the provision of services by any contractor/sub-contractor, contractor agrees to obtain and submit a current KY State Police and FBI background check and a have a letter provided by the Cabinet for Health and Family Services Child Abuse and Neglect per KRS160.380. The provider will contact the FCPS Human Resources Department Application Center to initiate this process or submit these documents if obtained elsewhere. A fee of \$40 for the State/FBI check and \$10 for the Child Abuse and Neglect letter will apply and the cost will be the responsibility of the contractor when having FCPS run the reports. This fee can be paid via check or money order made out to Fayette County Public Schools. Existing background checks within one year will be accepted, with the approval from FCPS Human Resources department. If there is a break in service, a new background check must be completed.

**Purchases by FCPS Food Service**

35. “Domestic Commodity or Product” are defined as an agricultural commodity that is produced in the United States and a food product that is processed in the United States using substantial agricultural commodities that are produced in the United States.
36. “Substantial” means that over 51% of the final processed product consists of agricultural commodities that were grown domestically.
37. Products from Guam, American Samoa, Virgin Islands, Puerto Rico, and the Northern Mariana Islands are allowed under this provision as territories of the United States.
38. The Buy American provision (7 CFR Part 210.21 (d)) is one of the procurement standards SFAs must comply with when purchasing commercial food products served in the school meals programs.
39. Buy American: Schools participating in the federal school meal programs are required to purchase domestic commodities and products for school meals to the maximum extent practicable. Domestic commodity or product means and agricultural commodity that is produced in the US and a food product that is processed in the US substantially (at least 51 percent) using agricultural commodities that are produced in the US.

40. Federal regulations require that all foods purchased for Child Nutrition Program be of domestic origin to the maximum extent practicable. While rare, two (2) exceptions may exist when:
  41. The product is not produced or manufactured in the US in sufficient, reasonable and available quantities of a satisfactory quality, such as bananas or pineapple; and
  42. Competitive proposals reveal the cost of a domestic product is significantly higher than a non-domestic product.
43. All products that are normally purchased by Distributor as non-domestic and proposed as part of this solicitation must be identified with the country of origin. Distributor shall outline their procedures to notify School when products are purchased as non-domestic.
44. Any substitution of a non-domestic product for a domestic product (which was originally part of a solicitation), must be approved, in writing, by the Food Service Director, prior to the delivery of the product to the School. Any non-domestic product delivered to the School, without the prior, written approval of the Food Service Director, will be rejected.
45. Distributor must affirm their willingness to assert their best and reasonable efforts to ensure compliance with this federal rule.



## Special Conditions

1. All questions must be submitted in writing by emailing [matthew.moore@fayette.kyschools.us](mailto:matthew.moore@fayette.kyschools.us) no later than Monday, September 30, 2:00PM local time. Subject of email must state RFP 63-19 Audit Services Questions.
2. Proposals must be delivered prior to the time designated on the cover page to:

FCPS Purchasing Department  
1126 Russell Cave Road, Rm 137  
Lexington, KY 40505

Proposals may be returned by United States Postal Service, hand delivered or by any commercial carrier. **It is the company's responsibility** to ensure the proposal arrives at the specified location by the date and time of the closing of proposals. Proposal should not be addressed to a specific person. Proposal should include RFP 63-19 Audit Services on outside of package. **E-mail, fax or telephone proposals shall not be accepted. There are no exceptions. The FCPS Purchasing Office is closed and does not accept mail, commercial carriers or hand delivered proposals on weekends and Holidays. Regular hours are 7:00AM to 3:30PM Eastern Time.**

**Please include with your submission one (1) original proposal in a 3-ring binder, 7 hard copies in 3-ring binders and one (1) digital copy on a USB flash Drive of the proposal.**

3. Late proposals

Any proposals received after the due date listed on the cover page shall be considered a late proposal. A late proposal shall not be considered for award except under the following conditions only:

- 3.1. It was sent by registered or certified mail not later than the fifth (5<sup>th</sup>) calendar date prior to the due date specified on the cover; or
- 3.2. The proposal was sent by mail and it is determined by the Purchasing Department that the late receipt was due solely to the mishandling by FCPS after receipt at the address specified in the solicitation.
- 3.3. If an emergency or unanticipated event or closing interrupts or suspends normal FCPS business operations so that proposals cannot be received at the FCPS Purchasing Office by the due date stated on the cover page, the due date/time specified will be deemed to be extended to the same time of day specified in the solicitation on the first work day on which normal FCPS business operations resume.
- 3.4. The official time used for receipt of proposals is the satellite clock located in the conference room 131 where bid openings are regularly held. This clock is connected by

satellite to be the official time of the United States as determined by the National Institute of Standards and Technology (NIST) and U. S. Naval Observatory (USNO).

3.5. A late, hand-carried proposal shall not be considered.

- 4. There will not be a public bid opening. Results of the RFP will be sent out upon award.**
- 5. Past Offeror Performance may be considered in the award of this Contract. Offerors with a record of poor performance with the school district in the last 24 months may be found non-responsible and ineligible for award.**
6. The RFP shall be awarded **to the responsible and responsive offeror(s) as defined in KRS 45A.345, providing the best value**
7. Prices quoted must have decimal point located in the correct position to separate dollars from cents. Bid prices where the decimal point is omitted shall be calculated as dollar amounts.
8. RFP may be awarded based on initial offers/proposals and competitive negotiation may not be used.
9. Erasures or the use of typewriter correction fluid on proposal forms are unacceptable and may result in rejection of the proposal. Prior to submission or openings, errors may be crossed out, corrections entered and initialed by the person signing the proposal.
10. Modifications, additions or changes to the terms and conditions of this solicitation may cause for rejection of the proposal. Offerors are requested to submit proposals on FCPS official forms. Proposals submitted on company forms may be rejected.
11. Successful offeror shall make provision for supplying PO numbers as part of any invoice issued to FCPS as a result of RFP award.
12. Payments for bid items are normally approved at the regularly scheduled meeting of the Board on the fourth Monday of most months provided bid items and invoices are properly received by the first Monday of the month. However, payments may be made early to take advantage of cash discounts offered provided the taking of such discounts is advantageous to FCPS.
13. Sole proprietors or partnerships must supply Taxpayer Identification Numbers with proposal. Corporations are excluded from this requirement.
14. Successful offerors shall provide two (2) copies for Safety Data Sheet (SDS) on material covered by OSHA Standard 1910.1200 upon request as a condition of purchase.
15. It is the policy of the Board that no asbestos-containing materials are to be purchased by the school system, supplied by any person supplying to the school system, or installed in or on school property by any person performing work for the school system. Furthermore, all products marked "May Contain Mineral Fibers" will be presumed to contain asbestos unless the manufacturer provides written certification or Safety Data Sheet (SDS) that no asbestos

fibers are present in the product and identifies the fibers for which the product is marked or the supplier presents valid analysis data from an NVLAP-or AIHA-certified laboratory that the material does not contain asbestos.

16. If there is a conflict between the terms of this document and any document submitted by the offeror the RFP document takes precedence.
17. Offeror agrees to abide by any reasonable request made by FCPS Administration regarding implementation of this contract.
18. FCPS reserves the right to cancel contract if in the staff's opinion the offeror's work is unsatisfactory, their ability to meet completion schedules is unsatisfactory or billing is found to be excessive for work performed. Offeror may terminate the contract if FCPS fails to meet the specified payment terms.

19. **Termination for Default**

Either the Purchasing Agent or the Superintendent, as the case may require, may make a written determination that a contractor is in breach of any of the terms and conditions of an existing contract. Said determination shall state that the contractor shall have a period of five (5) working days within which to cure the breach. A copy of said determination shall be filed in the contract file and another copy of said determination shall be forwarded to the contractor in breach of the contract.

Upon receipt of said determination the contractor shall make all good faith efforts to comply with all terms and conditions of the contract and to cure the breach. Alternatively, the contractor may submit a written statement admitting default in breach of the contract. At such time the contract shall be deemed immediately terminated and all rights and obligations there under shall be terminated.

Upon receipt of the contractor's admission of default and breach or upon the contractor's failure to cure said breach within five (5) working days of the issuance of the written determination, FCPS shall procure a substitute contractor which shall operate under the remainder of the existing contract breached by the contractor. The original contractor shall be liable for any and all excess costs incurred in the procurement of the substitute contractor.

20. **Termination for Convenience**

The Purchasing Agent or the Superintendent may make a written determination at any time that the contract shall be terminated for the convenience of FCPS and shall issue a notice of termination therewith. Said notice of termination shall state the date and time upon which termination shall become effective and the extent to which the contract is terminated. A copy of said determination and notice of termination shall be placed in the contract file and a second copy of said determination shall be forwarded to the contractor.

The contractor shall cease performance of the contract upon the date and time set in the written notice of termination. Within ten (10) working days thereafter, the contractor shall issue an itemized statement of any and all services performed; or goods delivered; or construction completed, and said statement shall be paid by the Board according to the procedure set forth in the existing contract.

The determination made by either the Purchasing Agent or the Superintendent, as the case may require, shall be final and conclusive as to the necessity for termination for convenience. No party to an existing contract shall have the right to appeal from said determination as it shall be final and conclusive.

**21. Successor in Interest or Contractor Name Changes**

No assignment of this contract without specific, written pre-approval of FCPS. Failure to get this written, pre-approval by FCPS shall VOID the assignment and the contractor on this contract shall remain responsible for continued compliance with terms of this RFP/response.

**22. Offeror Initiated Requirements**

Requirements that the offeror has or shall need if awarded the contract must be provided as part of the proposal response.

**23. Additionally, offeror shall provide documents necessary to initiate a contractual relationship between the offeror and FCPS.** Conflicts that exist with the content of this RFP, board policy or regulation and offeror initiated requirements may result in the rejection of the proposal.

**24. Consumption of alcohol or drugs or being under the influence of alcohol or drugs, use of tobacco products or possession of firearms while on a job for FCPS by any worker is strictly prohibited. Any contractor, subcontractor or person working for the contractor or subcontractor who violates rules regarding alcohol, drugs, tobacco products or firearms is subject to immediate removal from the job site. Violation of rules is considered a breach of contract between the contractor and FCPS and may lead to the termination of said contract FOR CAUSE by FCPS.**

25. FCPS does not discriminate on the basis of sex in the educational programs or activities that it operates, and is required by Title IX of the Education Amendments of 1972 (P.L. 92-318) to not discriminate in such a manner. Further, FCPS does not discriminate on the basis of disabling condition, in treatment, admission or access to, or employment in its programs or activities as required by the Rehabilitation Act of 1973 (P.L. 93-112), as amended, Section 504. Nor does FCPS discriminate on the basis of race, color, national origin, sex, genetic information, disability, religion, age, political affiliation, sexual orientation or gender identity in the education programs or activities it operates.

**26. Offeror must furnish all necessary insurance such as:**

**Workers' Compensation and Employer's Liability**  
**Public Liability \$1,000,000.00 minimum**  
**Property Damage \$1,000,000.00 minimum.**

**CHECKLIST OF ITEMS TO INCLUDE WITH PROPOSAL SUBMISSION**

- \_\_\_\_\_ Cover page completed
- \_\_\_\_\_ Name and signature on Page 2
- \_\_\_\_\_ Taxpayer Identification Number (if not a Corporation)
- \_\_\_\_\_ Technical Proposal
- \_\_\_\_\_ References
- \_\_\_\_\_ Cost Proposal
- \_\_\_\_\_ Page 20, Item VIII items
- \_\_\_\_\_ Resident Bidder Affidavit if declaring Resident Bidder Status
- \_\_\_\_\_ Supplier Diversity Program Contract Forms (If applicable)
- \_\_\_\_\_ Documentation of Good Faith Efforts (If applicable)
- \_\_\_\_\_ Completed W9 form

**Does your company allow EFT? Yes \_\_\_\_\_ No \_\_\_\_\_**

**If yes please send a completed EFT Authorization Form to our Accounts Payable Department upon award of bid.**

Thank you for providing this information:

- 1.  Yes    I am a minority owned business. Certified  Not Certified   
    No
- 2.  Yes    I am a woman owned business. Certified  Not Certified   
    No
- 3.  Yes    I am a veteran owned business. Certified  Not Certified   
    No

If “no” please submit signed “Pledge of Non-Discrimination” form included in RFP packet. If “yes” and certified please include a copy of certification.

## **ANTICIPATED TIMELINE**

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Date	Event
Sept 3, 2019	Release RFP
Sept 30, 2019	Deadline for RFP questions
Oct 7, 2019	Deadline for FCPS to respond to questions and post responses
Nov 1, 2019	Proposals due
Nov 4 - 22, 2019	Evaluation of proposals
Dec 16, 2019	FCPS Board meeting for approval of contract

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## **SCOPE OF WORK**

### **I. Description of Entity to be Audited**

#### **District Overview**

In Fayette County Public Schools, we believe that “it’s about kids.” Our school district exists to serve more than 41,845 students from the Lexington-Fayette County metro area, and every decision we make – from the board room to the classroom – is based on doing what’s best for our kids. A “what parents want” award winning district for 23 years running, Fayette County was recently named among the best communities for music education. The total budgeted for Fiscal Year (FY) 2019-2020, including balance carried forward, is approximately \$650 million.

Our roughly 7,500 dedicated employees share a common goal of providing a world-class education for each and every student – and it shows. Time and again, our students and staff members have earned state and national accolades in academic, athletic and professional contests. We are blessed with amazing support from our families, business community and civic leaders, who are all intent on creating a positive environment for kids to learn and succeed.

Student achievement is the main focus in our school district, where assessment results on state and national tests significantly outpace Kentucky averages. Although significant achievement gaps persist, high school students continue to score above state and national levels on the ACT.

With 69 schools and special programs, FCPS is the second largest school district in the state of Kentucky serving youngsters in preschool through grade 12. The school district is the second largest employer in the Lexington-Fayette County metro area. Diversity is key in our community, where the student population is 49.8 percent White, 22.9 percent African-American, 17 percent Hispanic, 4.8 percent Asian, and 5.5 percent other. We are a Title I school district, with 51 percent of our students qualifying for free or reduced lunch. Nearly 6,800 students in our district are learning English as a second language; collectively there are 93 different native languages spoken.

FCPS is composed of:

- 37 elementary schools

- 12 middle schools
- 6 high schools
- 3 technical centers
- 11 academic programs

Transparency, openness, and community involvement are core values for our school district, which is governed by an elected five-member Board of Education. Our board makes fiscally responsible decisions and seeks to drive resources into classrooms with the highest need. Thanks to overwhelming community support the board was able to pass a property tax to address longstanding facility needs, and since 2008, there have been 21 renovation projects and 6 new schools completed. One building (STEAM/Success) is currently in the construction phase, and one high school (TCHS) is in design phase.

It's About Kids Support Staff administers the activity of a number of governmental fund types, including general, special revenue, capital projects and school food services. Currently (12) bank accounts are maintained in support of this effort. The majority of disbursements are made from the accounts payable and payroll accounts. Sixty (60) schools maintain school activity funds, with a like number of bank accounts. Additional bank accounts are maintained in support of bonding and construction activities.

FCPS receives annually approximately \$41 million in federal, state and local grants during the fiscal year. Our district is qualified as a low-risk auditee and has received an unmodified opinion for our most recent 2018 fiscal year audit.

Transactions for The Board are recorded using a combination of automated and manual accounting systems. The computer accounting system is run utilizing state mandated MUNIS software. Transactions in school buildings are recorded using manual and personal computer based record keeping systems. One software package (EPES) is used at all school locations. School activity funds are administered according to Accounting Procedures for Kentucky School Activity Funds, July 1, 2013. Total receipts through the school activities fund during a fiscal year are approximately \$10 million. (Note: There is a pending update version from KY Department of Education that may become effective during the term of the audit contract)

## **II. Scope and Nature of the Audit**

The proposal shall address three (3) activities, (a) financial audit (school and District wide), (b) management review and (c) ancillary services.

A) The audit shall be for FY ending June 30, 2020. It shall be conducted in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, provisions of Office of Management Budget Circular 2CFR 200 Single Audit, Audits of State and Local Governments and auditing requirements prescribed by the Kentucky State Committee for School District Audits in Procedures for Auditing Local School Districts' Fiscal Records.

The scope of the audit shall include funds referred to above, school activity funds in elementary, middle and senior high schools and completion of the Schedule of Federal Financial Assistance. Two (2) separate management letters shall be rendered: one (1) for The Board's accounts and one (1) for school activity accounts as a group. The School Activity Audit's management letter shall include a compilation in matrix format for errors detected, with error type on one axis and school location on the other.

B) Other ancillary accounting services will be required from time to time to be compensated separately outside the scope of the main audit. An example of such an ancillary accounting service is for advice on compliance with regulatory agencies, meeting GASB pronouncement requirements and strengthening internal controls.

FCPS staff calculates the 2019 financial audit (school and District wide) required the approximate number of hours noted below exclusive of the management review noted above.

<u>Area or Program</u>	<u>No. of Hours</u>
General Fund	400
Special Revenue	50
High School (6)	55
Middle & Elementary School	150
Capital Outlay	30
Building Fund	30
Construction Fund	30
Debt Service	30
Food Service	30
Meetings and other audit activities	75
Single Audit	<u>130</u>
<b>Total</b>	<b>1,010</b>

The contract fee for the 2018-2019 FY audit was \$107,000 plus additional services to be billed at standard hourly. Invoices for payment shall be in detail specifying the number of hours billed for each of the referenced areas or programs.

Please refer to the Table of Contents located in last year's audit.

### **III. Term of Engagement**

The audit shall begin with an entrance conference on or about May 1, 2020, but no later than May 31, 2020. At the entrance conference the audit firm will clearly communicate verbally and provide a written a list of documents, forms, items, the primary on site contact of the CPA firm, etc that will be needed from FCPS staff to begin the audit. At the entrance conference, date(s) for preliminary field work will be agreed upon. Field work for the audit of the District's records shall begin on or no earlier than June 1, 2020, but no later than August 31, 2020. FCPS staff contact will notify the contractor when the audit may officially begin.



Field work for the audit of the school activity fund, including the school activity account records in the individual school buildings, shall be completed by September 30, 2020. An exit conference is required at each school audited. This conference should be scheduled with the principal and bookkeeper. At this conference the principal shall be informed of the results of the field work testing compliance with the Kentucky Department of Education (KDE) administrative guidelines (Red Book). Final completion date for the audit of the activity funds shall be October 15, 2020 to allow timely delivery of audited ending fund balance figures to individual secretaries and bookkeepers in the schools. Final completion date for audits to be delivered to Board offices shall be close of business November 8, 2020 and by November 8<sup>th</sup> every fiscal year thereafter. The auditor shall agree to deliver the audits in the format specified by KDE to the State Committee for School District Audits in care of the KDE in Frankfort by the close of business on November 15<sup>th</sup> and subsequent similar dates in the future as provided hereafter in the KDE approved audit contracts. The auditor agrees to be present to make presentations on both the planning and regular board meetings in November to the Fayette County Board of Education. Additionally, the auditors agree to make similar presentations to the Budget & Finance Committee and Audit Committee of the Fayette County Board of Education as requested.

The engagement is for five (5) years including the initial audit of the 2019-2020 fiscal year (through the audit of FY 2023-2024), a total of five (5) years as may be mutually agreed upon by The Board and the auditor. Annually the Superintendent and The Board Chair will sign the annual agreement of the applicable fiscal year contract as required by KY Department of Education. The Fayette County Board of education may request during any fiscal year that the managing partner over the audit be mandatorily changed by the auditor if the audit committee and or Board of Education makes formal request. Approximate commencement and completion dates similar to those described above will be determined each year. Adjustments in the fee for ensuing years shall be mutually agreed upon in writing within sixty (60) days after submission of the prior year's audit report. Annual contract renewals within this five (5) year engagement will each be subject to prior approval by KDE. Audit contract may be terminated for cause with 60 days' advance notice from the Chief Financial Officer as designee of the Superintendent. It is noted that it is the audit firm's responsibility to contact KDE to request an extension following discussions and determined need for an extension with FCPS staff. The audit contract will automatically be rebid following the end of the (5) five year contract.

During the conduct of audit field work certain professional courtesies shall be extended, including but not limited to, the following:

- One (1) audit team designee shall relay communications to the designated District contact.
- Weekly progress meetings shall occur where weekly audit progress reports shall be submitted, reviewed and discussed. In these meetings the auditor shall detail the schedule of completed audit items requested from district staff and update the district on the firm's progress toward completion of the annual audit.
- An audit assistance package shall be submitted to the District staff contact annually prior to the beginning of the audit to allow the District time to plan accordingly and prepare requested items.

- Procedures and additional documentation or explanation as requested by district staff shall be responsive within 48 hours of such request. Additionally all requests for additional documentation and resolution of audit issues will be submitted in writing and discussed in person if so requested.

#### **IV. Audit Results**

At the conclusion of field work, an exit conference shall be held with the Superintendent and designee(s) inclusive of the Director of Finance, Chief Financial Officer and Audit Committee Chair. Significant audit results and potential management comment shall be presented in writing at the exit conference. FCPS staff will have **fourteen (14) days** to respond to these findings in writing related to the District's Management comments. The District's Management response shall be included in the audit reports as a separate document titled District's Management Comments, Findings and Responses. A representative of the audit team shall also be available after the exit conference to present these findings to FCPS' Audit Committee to prepare for the audit presentation and subsequent discussions at The Board's meeting.

Final reports and schedules shall be bound according to the following and adhere to KDE dictated timelines for the Annual Cycle for Local School District Audits:

- Comprehensive Volume – reports and schedules for both Board accounts and school activity fund accounts shall be bound into one (1) single volume and twenty (20) such volumes shall be produced. The audit shall be delivered to the State Committee for School District Audits in care of KDE by close of business on **November 15, 2020 and thereafter** in the format dictated by KDE. An unbound reproducible master copy and an electronic copy shall also be provided to The District.
- Student Activity Funds - reports and schedules pertaining only to school activity funds shall be bound into one (1) single copy and twenty (20) such volumes be delivered. An unbound reproducible master copy and an electronic copy shall also be provided.
- Copy of Board's 2CFR200 Single Audit – A copy of the audit and data collection sheet shall be provided to the Federal Clearinghouse

#### **V. Qualifications of the Firm and Staff**

The firm and its staff must have the following qualifications in order to be awarded the engagement:

1. The firm must be properly licensed for public practice and must be qualified as a Certified Public Accounting firm in the Register of Kentucky Accountancy and approved by SCSDA.
2. Staff assigned by firm to conduct audit work must meet the independence requirements of the AICPA and KRS 156.480.
3. The firm must meet the CPE and quality review requirements of the Yellow Book and KDE.

4. The firm has no reprimand for sub-standard audit work as verified by the most recent opinion given on either its quality review, quality enhancement or peer review, whichever is applicable.
5. The firm's field team must have at least one (1) member who is experienced and qualified in performing an audit under the provisions of Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations also known as 2CFR Part 200 Super circular and shall have at least two (2) full years' experience in Uniform Administrative requirements, cost principles, and audit requirements for federal awards.
6. Audit team members involved in the school activity fund audit shall have at least two (2) full years' experience in School Activity Fund Auditing.

The proposal shall include names and qualifications of the proposed audit team members. The District reserves the right to require removal of a team member(s). Non- "partner" level staff members may be rotated off the account.

The proposal shall address the qualifications of individuals assigned to the audit in areas listed above (1-6), individual CPE related to governmental and school accounting during the past two (2) years and copies of the firms most recent peer review reports. If applicable, any letter of response and KSCPA Peer Review Committee letter to KDE (1 original).

Bidder shall submit names, addresses and telephone numbers of three (3) relevant audited entities whose audits were performed pursuant to government auditing standards and the Single Audit Act 2CFR Part 200. Audits should have been performed within the last five (5) years.

The proposal shall include copies of credentials of staff including a summary of their roles in the audit.

## **VI. Evaluation of Proposals**

Proposals will be evaluated according to the following eight (8) types of choice criteria under KRS 61.810 (n):

1. Qualifications of the audit team – level of collective experience of the team to be assigned to this audit, provide list of most recent, relevant continuing professional education for the key personnel in the type of work entailed in the audit, etc. (0 to 35 points).
2. Qualifications of the Firm – prior experience in performing the required work for entities the size of the FCPS, opinions of prior clients, etc. (0 to 20 points).

3. Clarity of statements that show an understanding of services required and an understanding of the audit objective and soundness of technical approach (0 to 5 points).
4. Availability of the Accounting Firm to provide needed auditing and ancillary accounting services in the proximity location with sufficient in or near the Lexington KY area to provide responsive service (0 to 5 points).
5. Previous experience in auditing Kentucky school districts and accounting services from the firm (0 to 10 points).
6. Previous experience of audit staff in performing an audit under the provisions of Office of Management and Budget Circular 2CFR Part 200 Single Audits of States, Local Governments and Non-Profit Organizations if any. (0 to 10).
7. Hourly Rate for ancillary accounting services performed (0 to 5 points).
8. Estimated Cost Fee for the audit of The Board's and Schools' accounts (0 to 10).

### **VII. Miscellaneous**

1. Please refer to the attached Form 2200-047 from KDE. The Firm shall record the component amounts of the Total Estimated Cost of Audit in the center section of the form. The Firm's name shall be recorded at the top of the form. The Total Estimated Cost of Audit shall be considered the Fixed Fee required as referred to in Section VI, Item 8 above.
2. The Firm awarded the engagement shall execute with The Board the Independent Auditor's Contract, an example from 2019 FY is attached.
3. Proposals to The Board should include an affirmation of the firm's qualifications and a statement regarding the manner the criteria previously mentioned will be met. Please include additional information deemed pertinent.

### **VIII. Format & Submission of Proposals**

The format requirements for RFP responses are designed to ensure uniformity in the responses, provide the information necessary to understand each offeror's proposal, and facilitate an efficient and comprehensive evaluation of all responses. Proposals must comply with the specifications and detailed instructions stated in this RFP document, must be signed by the certifying company official, and must be presented to the FCPS Purchasing Office according to the detailed instructions stated in this document.

1. Proposals must be presented in a 3-ring binder with tabs separating the required sections. Attachments should be identified properly for easy recognition and association.
2. Each proposal must contain a detailed Table of Contents and must be organized in the same order as the requirements are outlined in this RFP document. Each separate bullet

point must be addressed individually. A response that does not adhere to a “point-by-point” format may be disqualified.

3. Offerors are required to submit one (1) original hard copy and seven (7) hard copies of the proposal, along with a CD or flash drive in a sealed envelope or box that designates the RFP reference number. The duplicate copies are required to be submitted with the original in a sealed package.
4. Responses must be submitted on 8 ½” x 11” single-sided stock. Respondents must reply in a narrative to each requirement and question. “Understand and comply” responses are not acceptable. All RFP submissions must include the following items and attachments in the order specified below:
  - The Request For Proposal document, RFP 63-19 – Audit Services (MUST BE the first document in the submission); this document consists of Pages 1-80 including audit contract requirements from KDE and is located at [www.fcps.net/bids](http://www.fcps.net/bids)
  - Table of Contents for your submission
  - Responses to each of the 8 evaluation criteria items.
  - Addenda – Each individual Addendum must be printed, signed and inserted immediately following the Table of Contents (including cost schedule form, Minority Owned & Women Owned Business Enterprises Statement of Commitment, Schedule of Participation For Minority/Woman Executive Placement, Pledge of Non-Discrimination, Required Affidavit For Bidders, Offerors and Contractors Claiming Resident Bidder Status-if applicable, Certificate of Insurance
  - Three client References (See RFP page titled “References” make copies as needed)
  - Company Profile, Organizational Chart, Principals Roster, & Project Assignments and Resumes, etc.
  - Remember: Seven (7) copies, plus an original, all in 3-ring binders with tabs separating the required sections, and a CD or flash drive.

Please provide the following information regarding estimated hours, hourly rates and total.

Firm Name \_\_\_\_\_ Fax # \_\_\_\_\_

Address \_\_\_\_\_ Email \_\_\_\_\_

**Estimated cost of audit:**

FUND 1 (GENERAL FUND)	\$ _____
FUND 2 (SPECIAL REVENUE— FEDERAL/STATE/LOCAL GRANTS)	\$ _____
FUND 310 (CAPITAL OUTLAY)	\$ _____
FUND 320 (BUILDING FUND)	\$ _____
FUND 360 (CONSTRUCTION FUND)	\$ _____
FUND 400 (DEBT SERVICE)	\$ _____
FUND 51 (FOOD SERVICE FUND)	\$ _____
FUND 52 (AFTER SCHOOL FUND)	\$ _____
HIGH SCHOOL ACTIVITY FUNDS	\$ _____
ELEM/MIDDLE ACTIVITY FUNDS	\$ _____
OTHER FUNDS	\$ _____

**TOTAL ESTIMATED AUDIT COST** \$ \_\_\_\_\_

**Estimated cost of audit:**

**ADDITIONAL SERVICES HOURLY RATE**  
\$ \_\_\_\_\_

Pricing subject to **Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries (KAR 200 5:410).**

In accordance with KRS 45A.490 to 45A.494, a resident Offeror of the Commonwealth of Kentucky shall be given a preference against a nonresident Offeror. In evaluating bids/proposals, Fayette County Public Schools will apply a reciprocal preference against an Offeror submitting a bid/proposal from a state that grants residency preference equal to the preference given by the state of the nonresident offeror. Residency and non-residency shall be defined in accordance with KRS 45A.494(2) and 45A.494(3), respectively. Any Offeror claiming Kentucky residency status shall submit with its proposal a notarized affidavit affirming that it meets the criteria as set forth in the above referenced statute.

**PLEDGE OF NON-DISCRIMINATION**

\_\_\_\_\_, is responding to RFP/BID # \_\_\_\_\_ issued  
Insert Name of Company (hereinafter "Company")  
by the Board of Education of Fayette County, Kentucky, and hereby pledges:

(1) No person shall be excluded from participation in, denied the benefit of, or otherwise discriminated against on the basis of race, color, national origin, sex, genetic information, disability, religion, age, political affiliation, sexual orientation or gender identity in connection with the performance of any contract award by the district on this RFP/BID.

(2) The Company shall provide equal opportunity to all business persons seeking to contract or otherwise interested in contracting with this Company, including various local small business enterprises;

(3) The Company has been made aware of, understands and agrees to make good faith efforts to solicit MBE/WBEs to do business with this Company in the performance of work on any contract awarded on this RFP/BID.

The Company acknowledges that failure to make a good faith effort may have a negative impact on future contract opportunities.

\_\_\_\_\_  
(Authorized Company Representative Signature)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name and Title



RFP / BID #: \_\_\_\_\_

**This affidavit shall be completed if your company is a Kentucky based company.**

**REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING  
RESIDENT BIDDER STATUS**

**FOR BIDS AND CONTRACTS IN GENERAL:**

The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
  - a. Filed Kentucky corporate income taxes;
  - b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
  - c. Maintained a Kentucky workers' compensation policy in effect.

FCPS reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Company Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_,

(Name)

(Title)

of \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

(Company Name)

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

(Affix Notary Seal)



# Fayette County Public Schools

## Supplier Diversity Program

### Contract Forms

Marilyn Clark  
Manager of Economic Development  
Fayette County Public Schools  
Department of Economic Development  
1126 Russell Cave Road  
Lexington, Kentucky 40505  
859-381-4000  
Marilyn.Clark@fayette.kyschools.us

**NOTICE OF REQUIREMENT FOR  
FCPS GOALS TO CREATE EQUAL OPPORTUNITIES AND  
MINORITY, WOMEN AND VETERAN-OWNED BUSINESS (MWVBE)  
CONTRACT PARTICIPATION**

The mission of the Fayette County Public Schools (FCPS) is to create a collaborative community that ensures all students achieve at high levels and graduate prepared to excel in a global society. FCPS values diversity, inclusion and equity. As one of the largest employers in Fayette County, we know the impact of how we spend the money entrusted to us by taxpayers has a far-reaching effect in the greater economic development of the entire community. As a result, the Fayette County School Board (Board) set goals that not less than twelve percent (12%) of the total value of this contract be subcontracted to MWVBES. The goal for the utilization of certified MWVBES as subcontractors are recommended goals. All bids and requests for proposals will be reviewed in detail by the Office of Economic Development prior to awards being submitted to the Board for approval. Bidders who fail to meet such goals are expected to provide written explanations to the Manager of Economic Development of efforts they have made to accomplish the recommended goals and the extent to which they are successful in accomplishing the recommended goals will be a consideration in the procurement selection process.

FCPS reserves the right to work with the most responsible and responsive bidder. That means that the district may need to move to the next lowest bidder in the event that the proposed winning bidder is unwilling and unable to demonstrate documented good faith efforts to comply with these requirements.

For assistance in locating capable MWVBE subcontractors, contact Marilyn Clark, Manager of Economic Development at the address listed below:

Marilyn Clark, Manager of Economic Development  
Fayette County Public Schools  
1126 Russell Cave Road  
Lexington, Kentucky 40505  
859-381-4000  
[Marilyn.Clark@fayette.kyschools.us](mailto:Marilyn.Clark@fayette.kyschools.us)

The Board's commitment extends to all providers of goods and services, which are broken down into the following categories:

1. Construction Contractors
2. Professional Service Contractors
3. Vendor/Supplier of Tangible Goods and Commodities

## **Fayette County Public Schools MWVBE Participation Goals**

### **A. DEFINITIONS**

- 1) A Minority-Owned Business Enterprise (MBE) is defined as a business which is certified as being at least 51% owned, operated and managed by persons of African American, Hispanic, Asian, Pacific Islander, American Indian or Alaskan Native Heritage.
- 2) A Women-Owned Business Enterprise (WBE) defined as a business certified as being at least 51% owned, operated and managed by a woman or women.
- 3) Veteran-Owned Business Enterprise (VBE): a business certified as being at least 51% owned, operated and managed by a veteran.
- 4) Good Faith Efforts are efforts, given all relevant circumstances, a bidder or proposer actively and aggressively seeking to meet the goals can reasonably be expected to make. In evaluating good faith efforts made toward achieving the goals, whether the bidder or proposer has performed the efforts outlined in the Obligations of Bidder for Good Faith Efforts will be considered, along with any other relevant factors (See Schedule 1).
- 5) Certification: FCPS strongly prefers to work with certified MWVBEs. For projects over \$20,000 certification is required for minority, women or veteran owned companies. We accept certifications from third-party certifying agencies like the Tri-State Minority Supplier Development Council (TSMSSDC); Women's Business Enterprise National Council (WBENC); National Women's Business Owners Council (NWBOC); Kentucky Minority and Women Business Enterprise Certification (KY MWVBE); and any of various certification from the Small Business Administration (SBA). FCPS will rely on certifying agencies to verify certification of any businesses claiming to be certified.

### **B. GENERAL**

- 1) FCPS requests all potential contractors to make a concerted effort to include MBE, WBE and VBE businesses as subcontractors or suppliers in their bids.
- 2) Toward that end, FCPS has established 12% of total procurement costs as a Goal for participation of MWVBEs on this contract.
- 3) **It is therefore a request of each Bidder to include in its bid, the same goal (12%) for MWVBE participation and other requirements as outlined in this section.**

### **C. PROCEDURES**

- 1) The successful bidder will be required to report to FCPS the dollar amounts of all payments submitted to MWVBE subcontractors and suppliers for work done or materials purchased for this contract. (See Subcontractor Monthly Payment Report)
- 2) Replacement of a MWVBE subcontractor or supplier listed in the original submittal must be requested in writing and must be accompanied by documentation of Good Faith

Efforts to replace the subcontractor / supplier with another MWVBE Firm; this is subject to approval by FCPS. (See FCPS MWVBE Substitution Form)

- 3) For assistance in identifying qualified, certified MWVBE businesses to solicit for potential contracting opportunities, bidders may contact:
  - a) The FCPS Purchasing Department and/or the Office of Economic Development at 859-381-4100.
- 4) FCPS will make every effort to notify interested MWVBE subcontractors and suppliers of each Bid Package, including information on the scope of work, the pre-bid meeting time and location, the bid date, and all other pertinent information regarding the project.

#### D. OBLIGATION OF BIDDER FOR GOOD FAITH EFFORTS

- 1) **The bidder shall make a Good Faith Effort to achieve the Participation Goal for MWVBE subcontractors/suppliers. The failure to meet the goal shall not necessarily be cause for disqualification of the bidder; however, bidders not meeting the goal are required to furnish with their bids written documentation of their Good Faith Efforts to do so.**
- 2) Award of Contract shall be conditioned upon satisfaction of the requirements set forth herein.
- 3) The Form of Proposal (Bid Documents) includes the forms set out below. These forms must be completed and submitted with Bid Documents:
  - a. Workforce Analysis Report: FCPS values diversity and inclusion. We strive to work with companies that share our values. Please share the diversity of your workforce in this form.
  - b. Current/Past MWVBE Contract Participation Form: This form will be used to capture your company's percentage of spend with MWVBES on current or past projects.
  - c. MWVBE Solicitation Report: This report verifies that your company contacted MWVBES in a timely manner to submit quotes for this contract.
  - d. MWVBE Participation Form: This report verifies the MWVBE subcontractors and material suppliers to be utilized on this project.
  - e. MWVBE Subcontractor Utilization Form: This form is intended to capture the MWVBE subcontractor's and material supplier's understanding of the work/material to be performed and the price as agreed with the Bidder/Contractor. This form must be completed and signed by the Bidder/Contractor AND the MWVBE subcontractor or material supplier.
  - f. Affidavit of MWVBE Subcontractor Payments Form: If awarded this contract, the prime contractor is obligated to submit a notarized report of all payments made to any MWVBE subcontractors or suppliers working on this project. Reports are due on a monthly basis to be sent to the Manager of Economic Development and Supplier Diversity.

- g. MWVBE Subcontractor Substitution Form: If a MWVBE contractor selected for this project is not able to meet the obligations as assigned, the prime contractor is obligated to replace that MWVBE subcontractor through the Good Faith Efforts steps outlined in this document and to secure another MWVBE contractor with like skills at a comparable contract price. All required forms and documentation for this substitution should be returned to the Manager of Economic Development and Supplier Diversity.
- h. Waiver Form: Contact the Purchasing Department or the Manager of Economic Development and Supplier Diversity to discuss bids you believe have no opportunity for the utilization of any subcontractors.

**4) Failure to submit this information as requested may be cause for rejection of bid.**

**Sole Source**

It is agreed that identified sole source expenditures shall also be excluded from the aggregate total of all sums paid in connection with implementation of the contract, and therefore, shall not be subject to the MWVBE goals. All designations as a sole source expenditure must be supported by data that indicates that only one company can perform the services. The following are examples of basis for sole source expenditures:

- a. The supplies or services to be acquired are unique to the contractor.
- b. Time is of the essence and only one known source can meet the FCPS's needs within the required timeframe.
- c. Data is unavailable for competitive procurement.
- d. It is necessary that the item being acquired from the one source be compatible and interchangeable with existing equipment.

**Excluded Expenditure**

FCPS and its contractors shall use good faith efforts as set forth herein in order to progress towards the achievements of the MWVBE goals, but FCPS shall not be required to pay any amounts in excess of the lowest responsible and responsive price or best evaluated bid to procure any goods or services, or to delay design, development or construction activities in order to progress towards the achievement of the MWVBE goals.

FCPS agrees the bid requirements shall obligate a contractor to agree to execute a contract by which it is contractually obligated to use good faith efforts as set forth herein, and that for a bid or price to be responsible and responsive, it must have been prepared by a contractor that agrees to be so contractually obligated. In the event that the lowest price or best evaluated bid is not responsible and responsive because the contractor does not agree to be contractually obligated to use good faith efforts as set forth herein, then that bid will be considered non-responsive and FCPS shall re-bid that contract or select the next lowest responsive price or best evaluated bid, if permitted by applicable law.

FCPS Manager of Economic Development will be made aware of participation goals of the lowest bidder on all projects. The Manager of Economic Development shall be entitled to review any and all bids and requests for proposals to examine whether they are responsible and responsive with regard to good faith efforts as set forth herein. However, but there shall be no obligation on FCPS

to delay the project pending such review, and any if any contractor that becomes contractually obligated to use good faith efforts as provided herein is ultimately determined to have not used such good faith efforts, the remedies of FCPS shall be set forth in this Agreement with respect to such contractor.

**Certification**

FCPS strongly prefers to work with certified MWVBES. We accept certifications from third-party certifying agencies like the Tri-State Minority Supplier Development Council (TSMSSDC); Women's Business Enterprise Nation Council (WBENC); National Women's Business Owners Council (NWBOC); Kentucky Minority and Women Business Enterprise Certification (KY MWVBE); and any of various certification from the Small Business Administration (SBA). FCPS will rely on certifying agencies to verify certification of any businesses claiming to be certified.

## SCHEDULE 1

### GUIDANCE CONCERNING GOOD FAITH EFFORTS (To be submitted with Bid Documents)

Good faith efforts are efforts that, given all relevant circumstances, a bidder or proposer actively and aggressively seeking to meet the goals can reasonably be expected to make. In evaluating good faith efforts made toward achieving the goals, whether the bidder or proposer has performed the following may be considered, along with other relevant factors **(check all that apply)**:

- \_\_\_\_\_ Advertised opportunities to participate in the contract in general circulation media, trade and professional association publications, small and minority business media, and publications of minority and women business organizations within a reasonable time, prior to the deadline for submission of bids to allow MWVBE firms to participate effectively;
- \_\_\_\_\_ Provided notice to a reasonable number of minority and women business organization of specific opportunities to participate in the contract within a reasonable time, prior to the deadline for submission of bids to allow MWVBE firms to participate effectively;
- \_\_\_\_\_ Sent written notices of proposal, by certified mail, e-mail or facsimile, to qualified, certified MWVBEs soliciting their participation in the contract within a reasonable time, prior to the deadline for submission of bids to allow them to participate effectively;
- \_\_\_\_\_ Attempted to identify portions of the work for qualified, certified MWVBE's participation in order to increase the likelihood of meeting the goals, including breaking down contracts into economically feasible units;
- \_\_\_\_\_ Requested assistance from community organizations that work with minorities and women in achieving the goal;
- \_\_\_\_\_ Conferred with qualified, certified MWVBEs and explained the scope and requirements of the work for which their bids or proposals were solicited;
- \_\_\_\_\_ Attempted to negotiate in good faith with qualified, certified MWVBEs to perform specific subcontracts; not rejecting them as unqualified without sound reason, solely based on price, or without a thorough investigation of their capabilities;
- \_\_\_\_\_ Followed up initial solicitations of interest by contacting MWVBEs to determine their level of interest;
- \_\_\_\_\_ Made efforts to refer interested MWVBEs to entities who may be able to assist them in obtaining required bonding, lines of credit, or insurance; and
- \_\_\_\_\_ Effectively used the services available through minority community organizations, minority contractor groups, local, state and federal minority business assistance offices, and other organizations that provide assistance in the recruitment and placement of MWVBEs.
- \_\_\_\_\_ A bidder or proposer shall submit documentation of good faith efforts with bid documents or as requested by the Manager of Economic Development or the FCPS Board.





**WORKFORCE ANALYSIS FORM**

Name of Organization: \_\_\_\_\_

Categories	Total	White (Not Hispanic or Latino)		Hispanic or Latino		Black or African-American (Not Hispanic or Latino)		Native Hawaiian and Other Pacific Islander (Not Hispanic)		Asian (Not Hispanic or Latino)		American Indian or Alaskan Native (not Hispanic or Latino)		Two or more races (Not Hispanic or Latino)		Total	
		M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Administrators																	
Professionals																	
Superintendents																	
Supervisors																	
Foremen																	
Technicians																	
Protective Service																	
Para-Professionals																	
Office/Clerical																	
Skilled Craft																	
Service/Maintenance																	
<b>Total:</b>																	

Prepared by: \_\_\_\_\_

*(Name and Title)*

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Fayette County Public Schools**  
**MWVBE Solicitation Report**  
(Form to be submitted with Bid Documents)

**Project Name:** \_\_\_\_\_

**Project Bid #:** \_\_\_\_\_

**Bidder / Contractor:** \_\_\_\_\_

**Total Bid Price or Estimate: \$** \_\_\_\_\_

I have contacted the following minority- and women-owned business enterprises and will not be subcontracting any work with them due to the reasons cited below: (Attach additional pages as necessary).

<b>MWVBE Company</b>	<b>MWVBE Point of Contact Address/Phone/Email</b>	<b>Reason Not Utilized</b>

I certify under penalty of perjury that the information contained in this document is correct.

\_\_\_\_\_  
**Bidder / Contractor / Title**

\_\_\_\_\_  
**Date**

**Fayette County Public Schools**  
**Current/Past MWVBE Contract Participation**  
 (Form to be submitted with Bid Documents)

**Project Name:** \_\_\_\_\_

**Project Bid/RFP#:** \_\_\_\_\_

**Bidder / Contractor:** \_\_\_\_\_

List current/past contracts (3-5 years) and MWVBE participation in each contract.

Owner	Contract Dates	Project Name & Location	Contract Sum	MWVBE Participation (%)

List MWVBE companies that worked on the projects named above.

Company	MBE WBE VBE	Contact Name	Email/Phone	Scope of Work

(If more room needed, attach separate sheet.)

I certify under penalty of perjury that the information contained in this document is correct.

\_\_\_\_\_  
**Bidder / Contractor / Title**

\_\_\_\_\_  
**Date**

**Fayette County Public Schools**  
**MWVBE Participation Form**

**(Form to be submitted with Bid Documents)**

**If awarded this bid/proposal, Bidder / Contractor will subcontract with the following MWVBE subcontractors / suppliers:**

**Project Name:** \_\_\_\_\_

**Project Bid #:** \_\_\_\_\_

**Bidder / Contractor:** \_\_\_\_\_

**Total Bid/Estimate: \$** \_\_\_\_\_

<b>Total MBE \$</b> _____	<b>Total WBE \$</b> _____	<b>Total VBE \$</b> _____
<b>Total MBE %</b> _____	<b>Total WBE%</b> _____	<b>Total VBE%</b> _____

<b>Work or Trade to be Subcontracted</b>	<b>MWVBE Business Name</b>	<b>MBE Total \$</b>	<b>WBE Total \$</b>	<b>VBE Total \$</b>

**(For each MWVBE Subcontractor/ Supplier, Attach Utilization Form)**

I certify under penalty of perjury that the information contained in this document is true and correct. I am aware that in the event of a replacement of a MWVBE subcontractor, I will adhere to the replacement requirements set forth in the FCPS bid documents.

\_\_\_\_\_  
**Bidder / Contractor Signature** **Date**

**Fayette County Public Schools**  
**MWVBE Subcontractor Utilization Form**  
**(Form to be submitted with Bid Documents)**

**Project Name:** \_\_\_\_\_

**Project Bid#:** \_\_\_\_\_

**Bidder / Contractor:** \_\_\_\_\_

This form is intended to capture the MWVBE subcontractor's understanding of the work to be performed and the price as agreed with the Bidder / Contractor. This form must be completed and signed by the Bidder / Contractor and the MWVBE subcontractor and submitted as part of the bid or proposal package.

MWVBE Company: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

MWVBE Subcontractor Price Agreed: \$ \_\_\_\_\_

Description of Work: \_\_\_\_\_

\_\_\_\_\_

Additional Notes: \_\_\_\_\_

\_\_\_\_\_

I hereby certify under penalty of perjury that the above information is correct.

<b>MWVBE Signature</b>	<b>Date</b>	<b>Bidder / Contractor Signature</b>	<b>Date</b>
------------------------	-------------	--------------------------------------	-------------

**Title**

**Title**

**Submit Separate Form per MWVBE Subcontractor to be Utilized**  
**Attach MWVBE Certification**

**Fayette County Public Schools**  
**Waiver for Participation of Minority-, Women- and Veteran-Owned**  
**Business Enterprises**  
**(Form to be submitted with Bid Document)**

**Project Name:** \_\_\_\_\_

**Project Bid#:** \_\_\_\_\_

**Bidder / Contractor:** \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

The above named bidder cannot fulfill its commitment to minority, women and veteran-owned business enterprises participation due to the following reasons:

\_\_\_\_\_ Items being bid are not applicable for subcontracting.

\_\_\_\_\_ Other – Provide detailed explanation: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To the best of my knowledge and belief, the above information is accurate and true, and reflects our commitment to support the minority- and women-owned business enterprise initiative of Fayette County Public Schools.

\_\_\_\_\_  
**Bidder / Contractor Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Title**

**Fayette County Public Schools**  
**Affidavit of MWVBE Subcontractor Payments**  
**(To be Completed and Submitted Monthly by Successful Bidder)**

This affidavit verifies that minority- and women-owned businesses (MWVBE) are performing the work on this project and that timely payments are being made by the prime contractor. This information will be reported to the Fayette County Public Schools (FCPS) Board of Educators as well as to other managers across the district.

By signing below, the prime contractor agrees that the payments recorded below are accurate as of the reporting period. Furthermore, by signing, the prime contractor attests that the MWVBE has performed a “commercially useful function” on this project.

**Project Name:** \_\_\_\_\_

**Reporting Period:** \_\_\_\_\_  
(Month) (Year)

**CONTRACTOR INFORMATION**

<b>Company Name</b>	
<b>Contact Person</b>	
<b>Address</b>	
<b>City, State, ZIP</b>	
<b>Email</b>	
<b>Phone</b>	

**MWVBE SUB-CONTRACTOR INFORMATION**

<b>Company Name</b>	
<b>Contact Person</b>	
<b>Address</b>	
<b>City, State, ZIP</b>	
<b>Email</b>	
<b>Phone</b>	

**PAYMENT INFORMATION**

<b>Payment Date</b>	<b>Payment Amount</b>	<b>Check #</b>
	\$	
	\$	

\_\_\_\_\_  
**Bidder / Contractor Signature      Date      Title**

Sworn or affirmed and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
**Notary Public**  
 My commission expires: \_\_\_\_\_

**Submit completed form monthly to the FCPS Manager of Economic Development  
 Marilyn Clark, 1126 Russell Cave Rd., Lexington KY 40505 or  
[Marilyn.Clark@fayette.kyschools.us](mailto:Marilyn.Clark@fayette.kyschools.us)**



**Fayette County Schools**  
**MWVBE Subcontractor Substitution Form**  
 (Form to be utilized by Awarded Bidder, as necessary)

**Date:** \_\_\_\_\_

**Bid/RFP/Quote Reference #** \_\_\_\_\_

**Prime Total Contract Awarded \$** \_\_\_\_\_

The MWVBE subcontractor listed below has been contacted as a substitute and has agreed to participate on this Bid/RFP/Quote. This substitution was made prior to or after the job was in progress for reasons stated below and are now being submitted to FCPS Economic Development for approval. By the authorized signature of a representative of our company, we understand that Good Faith Efforts procedures were followed in soliciting and retaining this contractor and documentation was submitted with this substitution form. This information will be entered into our file for this project. Signature of both the prime and the MWVBE subcontractor company is required below.

<b>Reason for Substitution</b>	
<b>MWVBE Company being replaced (Include contact name/address/phone and email address)</b>	
<b>New MWVBE Company (Include contact name/address/phone and email address)</b>	
<b>Please attach MBE, WBE or VBE certification for new company</b>	
<b>Work to be Performed</b>	
<b>MWVBE Subcontractor Total Contract \$</b>	
<b>MWVBE % of Total Contract</b>	

I certify under penalty of perjury that the information in this document is correct. By reporting this substitution, my company is adhering to the substitution requirements set forth in the FCPS purchasing documents.

\_\_\_\_\_  
**Prime Contractor/Title**

\_\_\_\_\_  
**MWVBE Subcontractor/Title**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Date**

**Kentucky Public School Districts' Audit Contract and Requirements**

**Fiscal Year 2018-2019**

**April 1, 2019**

## Table of Contents

<a href="#">Introduction</a>	44
<a href="#">District and Auditor Helpful Resources</a>	44
<a href="#">Auditor Alert</a>	44
<a href="#">Annual Cycle for Local School District Audits</a>	47
<a href="#">Statutory Authority of the State Committee for School District Audits</a>	48
<a href="#">Qualifications of the Independent Auditor</a>	51
<a href="#">Auditor Responsibilities</a>	52
<a href="#">District Responsibilities</a>	57
<a href="#">KDE Responsibilities</a>	60
<a href="#">State Compliance Requirements</a>	61
<a href="#">Appendix I-Audit Extension Request</a>	26
<a href="#">Appendix II - Submission Instructions</a>	74
<a href="#">Independent Auditor's Contract</a>	76

## Introduction

The Kentucky Department of Education (KDE) is sending the enclosed audit contract and supporting documents to school districts on behalf of the State Committee for School District Audits (SCSDA). The purpose of the supporting documents is to provide information and tools to local school districts and independent auditors to assist in the completion of fiscal year 2019 audits.

## District and Auditor Helpful Resources

Financial Audit Contract Information - Kentucky Department of Education -  
<https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>

District Financial Audits - Kentucky Department of Education -  
<https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>

District/School Support - Kentucky Department of Education- <https://education.ky.gov/districts/Pages/default.aspx>

District Financial Reporting - Kentucky Department of Education -  
<https://education.ky.gov/districts/FinRept/Pages/default.aspx>

MUNIS Support and Guides - Kentucky Department of Education -  
<https://education.ky.gov/districts/Pages/MUNIS-Guides.aspx>

## Auditor Alert

This section includes, but is not limited to, the following high risk areas that auditors should consider when conducting a school district's annual financial audit.

- Auditors are strongly encouraged to review the Auditor of Public Accounts' webpage located at Auditor of Public Accounts - <http://auditor.ky.gov/Pages/default.aspx> to determine if any reports have been issued for a school district and to identify potential high risk areas that may need to be examined during any school district audit.
- Auditors should review activity fund transfers to ensure that schools are not transferring money from student generated funds (fees and fundraisers) to support other activity fund accounts. Student generated funds are raised for a specific purpose and should be spent for that purpose.
- It is important for both the school district (superintendent and finance officer) and auditor to communicate and work together to reconcile the Annual Financial Report (AFR), Balance Sheet and Audit Report **prior** to the reports being submitted to KDE. The district, working with its auditor, is strongly encouraged to complete the **optional** Audit Review Templates accessible through the KDE SEEK program and resolve any discrepancies identified among the AFR, Balance Sheet and Audit Report.
- Auditors should not submit multiple unsolicited versions of Audit Reports. Auditors shall notify KDE prior to resubmitting.
- Desk Review of Audits - Auditors **shall correct** technically deficient audit reports within 30 days of being notified by KDE. The auditors shall correct all findings noted, in addition to correcting the technically deficient matters. If the auditor does not issue a corrected audit report, then the auditor may not be

allowed to conduct future Kentucky public school district audits. For district audit reports deemed technically deficient as a result of the prior fiscal year Desk Review, the auditor shall compare the prior fiscal year audit report and Desk Review findings to the current fiscal year audit report to verify all findings are addressed and an old version of the audit report has not been used.

If the audit report receives a rating of acceptable or acceptable with deficiencies, the auditor is **not required** to issue a corrected report; however, the auditor is required to use the prior fiscal year Desk Review as a resource in the following year so that findings are not repeated in the current fiscal year audit report. During KDE's initial review of the current fiscal year audit report, KDE reserves the right to require the auditor to submit a corrected audit report if the auditor fails to correct prior fiscal year Desk Review findings, regardless of the finding classification.

- MUNIS Financial System and Uniform Chart of Accounts – Auditors shall be familiar with the district's financial system and the Uniform Chart of Accounts (COA). Auditors shall use this information to provide the districts with the specific fiscal year 2018-2019 MUNIS COA coding/segment when recommending journal entries to districts [Example: org – object – project]. The Uniform COA is located on the KDE website at [Chart of Accounts - Kentucky Department of Education - District/School Support - District Financial Reporting](#)
- Management Letter Comments Spreadsheet - If the audit report consists of management letter comments, the auditor shall complete the Management Letter Comments spreadsheet located on the KDE website at [Management Letter Comments Spreadsheet](https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx) - <https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>. The Management Letter Comments spreadsheet became an additional requirement beginning with FY 2017. The completed spreadsheet shall be submitted electronically to the KDE Finance Reports email account with the "District Name Mgmt Letter Comments" in the subject line. The auditor shall copy the school district's superintendent and finance officer on the email that is sent to the KDE Finance Reports email account.
- Auditors should be aware that GASB Statement No. 77 became effective for financial statements for periods beginning after December 15, 2015. GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
  1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
  2. The gross dollar amount of taxes abated during the period.
  3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

- KDE encourages auditors and district finance personnel to submit electronic audit reports and associated documents in a format that meets section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794d). Information on complying with Section 508 can be found at [Create Accessible Electronic Documents-https://www.section508.gov/content/build/create-accessible-documents](https://www.section508.gov/content/build/create-accessible-documents) and [Standards and Guidelines of Section 508-https://www.access-board.gov/guidelines-and-standards/communications-and-it/about-the-ict-refresh/final-rule/text-of-the-standards-and-guidelines](https://www.access-board.gov/guidelines-and-standards/communications-and-it/about-the-ict-refresh/final-rule/text-of-the-standards-and-guidelines).
- Auditors should be aware that GASB 84 became effective for financial statements for periods beginning after December 15, 2018, and will be applicable in fiscal year 2019-2020 audits. GASB 84 provides guidance regarding what constitutes fiduciary activities and how they should be reported.

Annual Cycle for Local School District Audits

<b>DUE DATE</b>	<b>RESPONSIBLE PARTY</b>	<b>REQUIRED INFORMATION</b>
May 28	District	<ul style="list-style-type: none"> <li>• FY 2018-2019 Audit Acceptance Statement web form, which includes the justification section for using the same auditor/audit firm for five consecutive years -electronically submit to KDE</li> <li>• One signed contract to KDE</li> <li>• One signed copy of the latest peer review report and, <b>if applicable</b>,</li> <li>• One signed copy of any letter of response and KyCPA Peer Review Committee letter to KDE</li> </ul>
June 20	State Committee for School District Audits	Approval of Audit Contracts
June 30	State Committee for School District Audits	Notification of approval or disapproval of the contract to the local board
July 25	District	Initial Annual Financial Report (AFR) and Balance Sheet (electronic reports) to KDE
October 1	Auditor	Audit Extension Request to KDE
November 15	Auditor	Audit Reports: <ul style="list-style-type: none"> <li>• One signed paper copy to school district</li> <li>• One signed paper copy &amp; one electronic copy to KDE</li> <li>• One electronic copy to Single Audit Clearinghouse</li> </ul> See Appendix II for submission instructions.
November 15	District	Second AFR and Balance Sheet, which includes the Statement of Certification verification section, (electronic reports) to KDE. Copy of Second AFR and Balance Sheet to Auditor. Management Letter Comments Spreadsheet, if applicable.
November 15 - March 1	KDE	Audit Reports, AFRs and Balance Sheets reviewed; corrective action plans received and monitored; Audit Reports, AFRs and Balance Sheets corrections received.
December 1	District	Report on Local School District Administrative Expenditures
December 31 <sup>st</sup> or 45 days after district receives audit reports, whichever occurs first	District	Corrective action plan per 702 KAR 3:150 to KDE
March 31, 2020 or no later than 30 days after release of the auditor's report.	District	For Single Audits, one electronic copy of the Audit Report, along with the Data Collection Form, shall be submitted by the district, directly to the Single Audit Clearinghouse, in accordance with 2 CFR 200.
March – May 2020	KDE	Corrective action monitoring continues

**Use the following address for mailing items to KDE:**  
**Division of District Support**  
**Kentucky Department of Education**  
**Attn: District Financial Management Branch**  
**300 Sower Blvd, 4<sup>th</sup> Floor**  
**Frankfort, KY 40601**

Statutory Authority of the State Committee for School District Audits

KRS 156.265 authorizes the State Committee for School District Audits (SCSDA) to conduct audits of the financial records of local boards of education. The audits shall be performed by a Certified Public Accountant (CPA), approved by the SCSDA, and conducted according to current auditing standards. Increases or decreases in the scope of the audit are addressed in the Supplemental Agreements section of the audit contract.

The SCSDA requires all local school boards to have an annual audit of the fiscal records and accounts under the board's control. The SCSDA shall notify the local board of education of approval or disapproval of the executed contract in accordance with the timeframe set forth in the "Annual Cycle for Local School District Audits."

**156.255 Definitions for KRS 156.255 to 156.295.**

As used in KRS 156.255 to 156.295:

- 1) "Accountant" means a certified public accountant or a public accountant registered with the State Board of Accountancy.
- 2) "Board" means the board of education of a school district.
- 3) "Committee" means the State Committee for School District Audits.
- 4) "State board" means the Kentucky Board of Education.

**Effective:** July 15, 1996

**156.265 State Committee for School District Audits.**

- 1) There shall be a State Committee for School District Audits comprised of the Governor, or a person designated by him, the Attorney General, the Auditor of Public Accounts, a person designated by the Legislative Research Commission to represent the Office of Education Accountability, and the commissioner of education. The Auditor of Public Accounts shall be the chair of the committee.
- 2) The committee shall have the accounts of each board audited not less than once every fiscal year. The committee also may, at any time, cause to be made a comprehensive and complete audit of any board. Upon the written request of the state board, the commissioner of education, the Attorney General, the Auditor of Public Accounts, the Governor, or the Office of Education Accountability, the committee may cause the accounts of a board to be audited. Each audit shall cover such period of time, and shall include such auditing procedures and standards, as the committee may designate.
- 3) Audits authorized under this section are in addition to any audits contemplated under KRS 11.090 or 156.200 or KRS Chapter 43.
- 4) The actual expense of any audit authorized under this section shall be borne equally by the district board of education and by the committee from funds allocated to it.\*
- 5) The committee shall meet at least quarterly. Additional or special meetings may be called by the chair.

**Effective:** July 14, 2000

\* No funds currently allocated.



**156.275 Accountant -- Selection -- Reports.**

- 1) The committee shall select, to make the audit authorized under KRS 156.265, accountants who are qualified under KRS Chapter 325 and the administrative regulations promulgated by the Kentucky State Board of Accountancy.
- 2) Immediately upon completion of each audit, the accountant shall prepare a report of his findings and recommendations in such form and in such detail as the committee may prescribe. The report shall be to the committee and in such number of copies as specified by the committee. The committee shall furnish one (1) copy to the Kentucky Board of Education, one (1) copy to the district board of education to which the report pertains, one (1) copy to the chief state school officer and one (1) copy to the Auditor of Public Accounts. The district board of education shall keep a copy of the report on file in the office of the superintendent of schools of the district and the report shall be open to inspection by any interested person, subject to reasonable rules as to time and place of inspection.

**Effective:** July 15, 1996

**156.285 Access to records -- Witnesses -- Subpoena.**

- 1) The accountant shall have access to and may examine all books, accounts, reports, vouchers, correspondence files, records, money, and property of any board. Every officer or employee of any such board having such records or property in his possession or under his control shall permit access to and examination of them upon the request of the accountant.
- 2) The committee may require information on oath from any person touching any matters relative to any account that the accountant is required to audit. The committee may administer the oath, or have it done by any officer authorized to administer an oath.
- 3) The committee may issue process and compel the attendance of witnesses before it, and administer oaths and compel witnesses to testify in any of the investigations the accountant is authorized to make.

**Effective:** July 15, 1994

**156.295 Offenses -- Penalties.**

- 1) Any officer or employee of a board or any other person who prevents, attempts to prevent, or obstructs an examination by the accountant made under KRS 156.265 and 156.275 is guilty of a high misdemeanor and shall, upon indictment and conviction in the Circuit Court of competent jurisdiction, be fined five hundred dollars (\$500).
- 2) Any person who fails or refuses to permit the examination provided for in KRS 156.285 or who interferes with such examination shall be fined not less than one hundred dollars (\$100) or imprisoned in the county jail for not less than one (1) month nor more than twelve (12) months, or both. Each refusal shall constitute a separate offense.
- 3) Any person who has custody of any books, accounts, reports, vouchers, correspondence, files, records, money, and property that the accountant is authorized to examine under KRS 156.265 and 156.285 who fails or refuses when called upon by the committee for that purpose to permit the accountant to inspect any of such materials shall, upon conviction in the Circuit Court of competent jurisdiction, be fined not more than five hundred dollars (\$500) and be subject to removal as provided by law.

- 4) Any person who refuses to be sworn when required by the committee to be sworn for the purpose mentioned in subsection (2) of KRS 156.285 shall be fined not more than five hundred dollars (\$500).
- 5) Any witness called by the committee under subsection (3) of KRS 156.285 who fails, without legal excuse, to attend or testify shall be fined not more than five hundred dollars (\$500).

**Effective:** July 15, 1994

**156.480 Employees of department or school districts with decision-making authority prohibited from supplying goods or services for which school funds are expended -- Penalties.**

- 1) No commissioner, associate commissioner, deputy commissioner, director, manager, purchasing agent, or other employee of the Department of Education with decision-making authority over the financial position of a school, school district, or school system shall have any pecuniary interest in the school, school district, or school system, either directly or indirectly, in an amount exceeding twenty-five dollars (\$25) per year, either at the time of or after his appointment to office, in supplying any goods, services, property, merchandise, or services, except personal services that are in addition to those required by contract for employment, of any nature whatsoever for which school funds are expended. If any person specified in this subsection receives, directly or indirectly, any gift, reward, or promise of reward for his influence in recommending or procuring the use of any goods, services, property, or merchandise of any kind whatsoever for which school funds are expended, he shall upon conviction be fined not less than fifty dollars (\$50) nor more than five hundred dollars (\$500), and his office or appointment shall without further action be vacant. \*\*
- 2) No employee of any county or independent school district with decision-making authority over the financial position of the school district shall have any pecuniary interest, either directly or indirectly, in an amount exceeding twenty-five dollars (\$25) per year, either at the time of or after his appointment to office, in supplying any goods, services, property, merchandise, or services, except personal services that are in addition to those required by contract for employment, of any nature whatsoever for which school funds are expended. If any person specified in this subsection receives, directly or indirectly, any gift, reward, or promise of reward for his influence in recommending or procuring the use of any goods, services, property, or merchandise of any kind whatsoever for which school funds are expended, he shall upon conviction be fined not less than fifty dollars (\$50) nor more than five hundred dollars (\$500), and his office or appointment shall without further action be vacant.

**Effective:** July 15, 1994

\*\* OAG 94-61 provides guidance for determining who has decision-making authority over the financial position of the school district.

### Qualifications of the Independent Auditor

The auditor must be a certified public accountant licensed to practice in the Commonwealth of Kentucky, pursuant to KRS 325.261.

#### Competence

The audit firm should be currently registered with the Kentucky State Board of Accountancy and should have participated in an external quality control review at least once every three years. The auditor should have adequate training and experience in governmental accounting and be in good standing in the profession. The auditor in charge of the field work should have a practical working knowledge of applicable state and federal laws and regulations.

#### Independence

The American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards (GAGAS) require the auditor to maintain independence in all matters relating to the audit engagement. Auditors must meet the independence standards established by the Government Accountability Office (GAO).

#### Continuing Professional Education

All audit staff assigned to the audit should have the necessary hours of continuing professional education required by GAGAS. Each auditor performing audit work under GAGAS should complete 80 hours of CPE every two years. At least 24 hours of CPE should be in subjects directly related to government auditing, the government environment, or the unique environment in which the entity operates. At least 20 hours of the 80 should be completed in any one year of the 2-year period.

#### External Peer Review

Auditors shall provide their most recent peer review report, letter of response, if applicable, and Kentucky Society of Certified Public Accountants (KyCPA) Peer Review Committee letter to the local board and a copy of these documents shall be submitted to KDE with each audit contract. Audit contracts submitted without the required peer review report and related documents will not be approved by the SCSDA. An auditor's contract will not be approved by the SCSDA if the auditor's peer review has a **fail** rating without evidence of appropriate corrective action.

Auditors who have been conducting audits for less than three years and have not yet been peer reviewed are exempted from the peer review report and related documents requirement.

### Auditor Responsibilities

Auditors are responsible for maintaining the proper knowledge of all accounting and auditing standards relating to school district audits.

If the BOARD has also incorporated as a "Finance Corporation," that entity and related fiscal records and accounts are to be included in the audit.

If the contracted CPA firm changes names or merges with another firm, it is the firm's responsibility to inform the local board of the name change and to inform the SCSDA through KDE.

If any difficulties are encountered while performing the audits that do not pertain to requesting an audit extension, the auditor should inform KDE of the difficulties as soon as possible.

It is the auditors' responsibility to contact KDE with criminal activity concerns.

### Timing, Location, and Conduct of Audit Work

The official records and reports of the school district shall not be taken from the board of education office during the course of the audit engagement.

### Management Letter Comments Spreadsheet

If the audit report consists of management letter comments, the auditor shall complete the Management Letter Comments spreadsheet located on the KDE website at Management Letter Comments Spreadsheet - <https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>. The Management Letter Comments spreadsheet became an additional requirement beginning with FY 2017. The completed spreadsheet shall be submitted electronically to the KDE Finance Reports email account with the "District Name Mgmt Letter Comments" in the subject line. The auditor shall copy the school district's superintendent and finance officer on the email that is sent to the KDE Finance Reports email account.

### Reissuance or Resubmission of an Audit Report

If an audit report needs to be reissued and resubmitted, it shall be reissued in accordance with current auditing standards. The entire audit report shall be resubmitted to the local board, KDE, and all other parties to whom the original audit report was submitted. Individual audit report pages will not be accepted.

### Audit Extension Request

If the audit cannot be completed by the deadline, the auditor shall submit an Audit Extension Request form, fully completed by both the auditor and the district, to KDE in accordance with the timeframe set forth in the "Annual Cycle for Local School District Audits." The form is provided in Appendix I.

### **Desk Review of Audits**

- Auditors **shall correct** technically deficient audit reports within 30 days of being notified by KDE. The auditors shall correct all findings noted in addition to correcting the technically deficient matters. If the auditor does not issue a corrected audit report, then the auditor may not be allowed to conduct future Kentucky public school district audits. For district audit reports deemed technically deficient as a result of the prior fiscal year Desk Review, the auditor shall compare the prior fiscal year audit report and Desk Review findings to the current fiscal year audit report to verify all findings are addressed and an old version of the audit report has not been used.
- If the audit report receives a rating of acceptable or acceptable with deficiencies, the auditor is **not required** to issue a corrected report; however, the auditor is required to use the prior fiscal year Desk Review as a resource in the following year so that findings are not repeated in the current fiscal year audit report. During KDE's initial review of the current fiscal year audit report, KDE reserves the right to require the auditor to submit a corrected audit report if the auditor fails to correct prior fiscal year desk review findings, regardless of the finding classification.

### **MUNIS Financial System and Uniform Chart of Accounts**

Auditors shall be familiar with the district's financial system and the Uniform Chart of Accounts (COA). Auditors shall use this information to provide the districts with the specific fiscal year 2018-2019 MUNIS COA coding/segment when recommending journal entries to districts [Example: org – object – project]. The Uniform COA is located on the KDE website at

[Chart of Accounts - Kentucky Department of Education - District /School Support - District Financial Reporting.](#)

### **Audit Scope**

The audit shall cover an entire fiscal year ending June 30 unless otherwise specified by the SCSDA.

The audit shall cover **ALL** accounts of the local board of education including activity funds at all schools and bank accounts in the name of the district's finance corporation, if applicable.

Audits shall be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), *Government Auditing Standards* and, the provisions of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The scope of the audit shall include but not be limited to:

- Fund 1 - General Fund;
- Fund 2 - Special Revenue Fund;
- Fund 21 - Special Revenue District Activity Fund (annual);
- Fund 22 - Special Revenue District Activity Fund (multi-year);
- Fund 3XX - Capital Projects Funds;
- Fund 400 - Debt Service Fund;
- Fund 51 - Food Service Fund;
- Fund 5X - Other Enterprise Funds;

Fund 6X - Fiduciary Funds -- Agency Funds (**including** student activity funds);  
Fund 7XXX - Fiduciary Funds -- Pension, Investment, and Private-Purpose Trust Funds (**no longer used** for student activity fund); and  
Fund 8X - Fixed Assets

The auditor shall also ensure the allocation of tax receipts between the general and building funds is accurate.

If, in the course of field work, it is determined that funds have been transferred to a school through the school based council allocation process, those funds shall be considered board funds, not activity funds, and audited as part of the general fund.

Financial statements presented in the auditor's report shall comply with generally accepted accounting principles.

The auditor shall express an opinion on the financial statements of all funds covered in the scope of the audit. If the auditor is unable to express an unmodified opinion, the auditor shall state fully the reasons for the modification of opinion. The district recognizes it has the responsibility to correct any deficiency that results in a modified opinion.

KDE encourages auditors and district finance personnel to submit electronic audit reports and associated documents in a format that meets section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794d). Information on complying with Section 508 can be found at [Create Accessible Electronic Documents-https://www.section508.gov/content/build/create-accessible-documents](https://www.section508.gov/content/build/create-accessible-documents) and [Standards and Guidelines of Section 508-https://www.access-board.gov/guidelines-and-standards/communications-and-it/about-the-ict-refresh/final-rule/text-of-the-standards-and-guidelines](https://www.access-board.gov/guidelines-and-standards/communications-and-it/about-the-ict-refresh/final-rule/text-of-the-standards-and-guidelines).

## **Audit Report Requirements**

Auditor's reports should follow the AICPA's requirements – refer to the AICPA's website at [AICPA - http://www.aicpa.org/](http://www.aicpa.org/). The following items should be included in the audit report.

A. Introductory Section (Table of Contents, Letter(s) of Transmittal, if applicable)

B. Financial Section

1. Independent Auditor's Report on the Financial Statements
2. Management's Discussion and Analysis
3. Financial Statements
4. Notes to the Financial Statements
5. Required Supplementary Information (RSI)
6. Combining Statements
7. Individual Fund Statements
8. Schedule of Expenditures of Federal Awards, if applicable.
9. Statistical Information and any other required Supplemental Schedules, if applicable.
10. Independent Auditor's Report(s) on Internal Control and Compliance
11. The 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* and, if applicable, the Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.
12. The report(s) on internal control and compliance shall contain all control deficiencies identified during the audit that are classified as significant deficiencies or material weaknesses and any instances of noncompliance. These control deficiencies must be appropriately segregated and identified in the report and numbered by the fiscal year under audit (i.e. 2019-001, 2019-002). Findings presented as part of the report shall be well developed in accordance with *Government Auditing Standards* and 2 CFR 200 as applicable.
13. If a written management letter is issued, then it is required to be submitted to the BOARD and referred to in the audit report within the 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* and be submitted to KDE. Each management letter shall include management's responses to current year comments and report on the status of previous management letter comments and the progress toward the resolution of concerns identified during the preceding audit. The management letter shall identify the applicable school

associated with each reportable condition(s). The comments shall comply with *Government Auditing Standards* and 2 CFR 200 requirements. If there were no management letter comments to report, then the auditor shall submit to KDE an email or letter stating that there were no management letter comments to report.

14. The High School Activity Fund Schedule shall categorize each individual activity fund by account, reflecting all activity funds of the high school. The High School Activity Fund Schedule shall show at a minimum, receipts, expenditures, beginning balance and ending balance. Elementary and Middle School Activity Funds shall be summarized showing at a minimum, receipts and expenditures, beginning balance and ending balance in a single line per school. No school activity fund or individual activity account shall end or begin the fiscal year with a deficit balance.
15. The General Fund shall cover any negative balances in Governmental Funds. Deficits in Enterprise/Proprietary funds, with the exception of food services, are not to be covered by General Funds, unless they are discontinued, then General Funds shall cover the deficit.
16. The following on-behalf payments shall be properly displayed in the audit report and fully disclosed in the notes to the financial statements:
  - Health Insurance
  - Life Insurance
  - Administrative Fee
  - Health Reimbursement Account – HRA/Dental/Vision
  - Federal Reimbursements of Health Benefits (reduction)
  - Teacher’s Retirement System (TRS)
  - Technology
  - Kentucky Interlocal School Transportation Association (KISTA) Energy Savings Capital Leases
  - School Facilities Construction Commission (SFCC) Debt Service

The “On-behalf Payments” link below may be used to obtain the on-behalf payments amounts. [On-behalf Payments - https://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx](https://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx)

17. The Schedule of Prior Year Findings and Questioned Costs shall reflect the status of prior year findings for both the financial statements and the federal awards.



### District Responsibilities

- Each local board of education shall enter into contracts with CPA firms on forms provided by KDE. One signed contract, is due to KDE on or before the due date reflected in the Annual Cycle for Local School District Audits. **The local board of education does not have a valid contract with the auditor until the SCSDA approves and the Chair signs the contract.**
- Except in cases where special audits are authorized by the SCSDA, local boards of education shall select the auditor. Selection shall be made from the current licensure list provided by the Kentucky Board of Accountancy.
- The school district must obtain an engagement letter from the contracted CPA firm confirming the understanding of the terms of the engagement. The engagement letter may include additional items to address the specific needs of the district.
- 702 KAR 3:150 requires all local boards of education to report to the Commissioner of Education, “in writing, progress being made to correct exceptions appearing in school audits authorized by the State Committee for School District Audits or, in writing, justify any failure to correct exceptions appearing in any school audit authorized by the State Committee for School District Audits.” The report shall be due to the Commissioner within 45 days after receipt of the final audit report by the local board, or no later than December 31 following the close of the fiscal year, whichever occurs first.
- It is the responsibility of the district’s management (superintendent and finance officer) to properly record all adjusting entries on both the first and second AFRs and Balance Sheets. This responsibility includes entries for on behalf payments, fixed asset transactions, accruals and deferrals, and all other financial transactions. The district finance officer must possess suitable skills, knowledge, and experience (SKE) and understand the recommended audit adjustments provided by the auditor. The district shall also provide the auditor with an AFR and Balance Sheet which are in agreement with the audit report.
- Donated Commodities shall be included in the proprietary fund financial statements and it is strongly encouraged that they be stated as a separate line item. Donated Commodities shall be stated separately as part of the nutrition cluster on the SEFA and fully disclosed in the Notes to the SEFA.
- No school activity fund or individual activity account shall end or begin the fiscal year with a deficit balance.
- The General Fund shall cover any negative balances in Governmental Funds. Deficits in Enterprise/Proprietary funds, with the exception of food services, are not to be covered by General Funds, unless they are discontinued, then General Funds shall cover the deficit.
- Costs incurred in the audit of federal grants, the federal school food programs, and school construction accounts may be charged back to those funds. Determine which grants allow audit costs as an administrative expense and in what amount. Districts expending less than \$750,000 in federal funds may not charge audit costs to federal grants but may charge other programs and

accounts as appropriate. If a district charges indirect costs to federal programs and food service, then they cannot also charge auditing services directly to those accounts.

- On-behalf payments should be coded accurately in the MUNIS accounting system. The following link may be used by districts to record on-behalf payments.  
On-behalf payments - <https://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>
- The school district is responsible for informing their auditors of any property they possess that is located in a flood plain as determined by the FEMA Flood Insurance Rate Map (FIRM) located at FEMA - <https://msc.fema.gov/portal>.
- The SCSDA recommends an audit firm rotation once every five years as a best practice. After five consecutive fiscal years, if there is no audit firm rotation the district shall provide a written explanation justifying why the district continues to use the same auditor. The written explanation shall be submitted to KDE through the Audit Acceptance Statement electronic web form process within the KDE SharePoint on or before **May 28<sup>th</sup>**.
- The school district must complete and submit the Audit Acceptance Statement (Statement) **electronic web form** through the KDE SharePoint on or before **May 28<sup>th</sup>**. The Statement shall be completed and submitted to KDE by the district's superintendent or finance officer, **on behalf** of the local board of education, requesting the financial accounts of the BOARD be audited for FY 2018-2019 in accordance with the procedures adopted by the SCSDA. Also, the Statement shall consist of the board chosen auditor or audit firm name; contact information; audit cost; if applicable, explanation of the audit cost increase compared to the prior fiscal year audit cost; if applicable, explanation of why the local board elected to obtain the same auditor or audit firm for the last five consecutive fiscal years; and some additional general auditor information. The Statement electronic web form submission instructions are located on the KDE website at Audit Acceptance Web Form Instructions- Kentucky Department of Education- <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>.
- The school district must **certify** that all audit adjustments have been entered into MUNIS and that an Annual Financial Report and Balance Sheet, which are in agreement with the audit report, will be transferred to KDE in conjunction with the audit report **by selecting the Statement of Certification (SOC) option** during the electronic submission process of the FY 2018-2019 Audited AFR and Balance Sheet to KDE on or before **November 15<sup>th</sup>**. The MUNIS Annual Financial Report Guide STW GL 2 instructions for creating and submitting the Annual Financial Report and Balance Sheet electronically to KDE and the Audited AFR and Balance Sheet Submission Guide are located on the KDE MUNIS Support and Guides website at MUNIS Support and Guides - <https://education.ky.gov/districts/Pages/MUNIS-Guides.aspx>, choose the General Ledger-Year End section in the drop down box.
- It is important for both the school district (superintendent and finance officer) and auditor to communicate and work together to reconcile the Annual Financial Report (AFR), Balance Sheet and Audit Report **prior** to the reports being submitted to KDE. The district, working with its auditor, is strongly encouraged to complete the **optional** Audit Review Templates accessible

through the KDE SEEK program and resolve any discrepancies identified among the AFR Balance Sheet and Audit Report.

KDE Responsibilities

**Desk Review of Audits**

KDE reviews the audit reports in comparison with the financial data reported in the districts' audited Annual Financial Report and Balance Sheet. KDE communicates discrepancies to districts and/or auditors and requests corrections or explanations as needed.

KDE has contracted with the Auditor of Public Accounts (APA) to perform detailed 2 CFR 200 Desk Reviews of the school district audit reports. Auditors shall correct technically deficient audit reports within 30 days of being notified by KDE. KDE will review the revised audit reports to ensure the auditors corrected all findings noted in addition to correcting the technically deficient matters. During KDE's initial review of the current fiscal year audit report, KDE reserves the right to require the auditor to submit a corrected audit report if the auditor fails to correct prior fiscal year Desk Review findings, regardless of the report classification.

State Compliance Requirements  
**FY 06/30/2019**

The Kentucky Revised Statutes and Administrative Regulations contain many restrictions and requirements that school districts must follow. The auditor shall perform the necessary procedures to determine district compliance with the following items and any others that may come to their attention during the course of the audit. The following list of statutes and regulations is not all inclusive and is provided merely to highlight certain significant statutes and regulations.

- ***Bonded Indebtedness (KRS 157.632):***

The auditor shall confirm with the trustee, or perform appropriate alternative procedures, to determine the beginning balance, receipts, disbursements, and ending balance of each bond issue. The auditor shall determine if receipts were in agreement with amounts as specified in the pay schedules and if each bond account was reconciled for the period. The degree of compliance shall be disclosed. The composite bond schedule shall be reviewed, including all information relative to the various issues.

- ***Nickels and Equalization (KRS 157.621, KRS 160.470, HB200-2017 Regular Session):***

Previously, to accommodate districts with growing numbers of students, school districts meeting the criteria in KRS 157.621 could levy an additional nickel for building fund needs. This nickel was levied by districts that met the criteria of a growth district, which is based on growth in the number of students, bonded indebtedness, current student enrollment in excess of available classroom space, and facility plan requirements. The statute also provides the criteria for the district to levy the second growth nickel, Base Realignment and Closure (BRAC) nickel, equalized facility funding nickel, and state equalization.

***HB200-2018 Regular Session, Equalization Funding for Critical Construction Needs Schools:*** (a) Included in the above General Fund appropriation is \$6,506,300 in fiscal year 2018-2019 and \$6,473,400 in fiscal year 2019-2020 to school districts in accordance with KRS 157.621(5).

**KRS 160.470(8)(a):** That portion of a general tax rate, except as provided in subsections (9) and (10) of this section, KRS 157.440, and KRS 157.621, levied by an action of a district board of education which will produce, respectively, revenue from real property, exclusive of revenue from new property, more than four percent (4%) over the amount of revenue produced by the compensating tax rate defined in KRS 132.010, shall be subject to a recall vote or reconsideration by the district board of education as provided for in KRS 132.017, and shall be advertised as provided for in paragraph (b) of this subsection.

The 2018 budget bill (HB200) states, “Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make an additional offer of assistance of \$7,612,400 to Fort Thomas Independent Schools for during the 2018-2020 fiscal biennium, which shall be used for Johnson Elementary School and \$7,650,300 to Menifee County Schools for Menifee Elementary School. These schools are designated as the two schools ranked within the top 100 schools on both the Kentucky Facilities Inventory and Classifications System reports released in 2011 and 2017 that are A1 schools, are ranked as a Priority 1 on the local school district’s facility plan, and have levied a ten-cent equivalent tax dedicated to capital improvements but remain unable to cash fund or to sufficiently support the required annual debt service for replacement or renovation of the school. The amounts stated represent the difference between the cost to replace or renovate the designated facility and the amount of available local resources.”

## State Compliance Requirements

- ***Use of Local District Capital Funds (HB200-2018 Regular Session):***

“Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds, for general operating expenses in fiscal year 2018-2019 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission Program. The Commissioner of Education shall not approve any capital funds request that exceeds 25 percent of a local board of education's available capital funds in fiscal year 2018-2019. Prior to August 1, 2018, the Kentucky Department of Education shall approve guidelines for requests from local boards of education. Notwithstanding KRS 157.615(14) and 157.622, the School Facilities Construction Commission shall include the capital funds transferred under the provisions of this subsection among the local board of education's available local revenue for the purposes of calculating unmet facilities need for the 2018-2020 fiscal biennium. Notwithstanding KRS 157.618, no local school district shall be eligible for a grant from the Emergency and Targeted Investment Fund in fiscal year 2018-2019 if any of its capital funds have been transferred under the provisions of this subsection.”

- ***Eligibility for Membership on Local Board of Education (KRS 160.180):***

Obtain a signed statement from each board member attesting that they are in compliance with the requirements per the statute.

**160.180** (1) As used in this section, "relative" means father, mother, brother, sister, husband, wife, son, and daughter.

(2) No person shall be eligible for membership on a board of education:

(a) Unless he has attained the age of twenty-four (24) years; and

(b) Unless he has been a citizen of Kentucky for at least three (3) years preceding his election and is a voter of the district for which he is elected; and

(c) Unless he has completed at least the twelfth grade or has been issued a High School Equivalency Diploma; and

(d) Unless an affidavit signed under penalty of perjury certifying completion of the twelfth grade or the equivalent as determined by passage of the twelfth grade equivalency examination held under regulations adopted by the Kentucky Board of Education has been filed with the nominating petition required by KRS 118.315; and

(e) For a candidate who files a nominating petition as required by KRS 118.315 on or after April 4, 2018, unless a transcript evidencing completion of the twelfth grade or results of a twelfth grade equivalency examination has been filed with the nominating petition; or

(f) Who holds any elective federal, state, county, or city office; or

(g) Who, at the time of his election, is directly or indirectly interested in the sale to the board of books, stationery, or any other property, materials, supplies, equipment, or services for which school funds are expended; or

(h) Who has been removed from membership on a board of education for cause; or

(i) Who has a relative as defined in subsection (1) of this section employed by the school district and is elected after July 13, 1990. However, this shall not apply to a board member holding office on July 13, 1990, whose relative was not initially hired by the district during the tenure of the board member.

(3) If, after the election of any member of the board, he becomes interested in any contract with or claims against the board, of the kind mentioned in paragraph (g) of subsection (2) of this section, or if he moves his residence from the district for which he was chosen, or if he attempts to influence the hiring of any school employee, except the superintendent of schools or school board attorney, or if he does anything that would render him ineligible for reelection, he shall be subject to removal from office pursuant to KRS 415.050 and 415.060.

(4) A board member shall be eligible for reelection unless he becomes disqualified.

## State Compliance Requirements

(5) The annual in-service training requirements for all school board members in office as of December 31, 2014, shall be as follows:

- (a) Twelve (12) hours for school board members with zero to three (3) years of experience;
- (b) Eight (8) hours for school board members with four (4) to seven (7) years of experience; and
- (c) Four (4) hours for school board members with eight (8) or more years of experience.

The Kentucky Board of Education shall identify the criteria for fulfilling this requirement.

(6) (a) For all board members who begin their initial service on or after January 1, 2015, the annual in-service training requirements shall be twelve (12) hours for school board members with zero to eight (8) years of experience and eight (8) hours for school board members with more than eight (8) years of experience.

(b) Training topics for school board members shall include:

1. Three (3) hours of finance, one (1) hour of ethics, and one (1) hour of superintendent evaluation annually for members with zero to three (3) years' experience;
2. Two (2) hours of finance, one (1) hour of ethics, and one (1) hour of superintendent evaluation annually for members with four (4) to seven (7) years' experience; and
3. One (1) hour of finance, one (1) hour of ethics, and one (1) hour of superintendent evaluation biennially for members with eight (8) or more years' experience.

The Kentucky Board of Education shall identify criteria for fulfilling this requirement.

- ***Salary Schedules (KRS 157.320(12) and KRS 157.350(3); 702 KAR 3:070):***

Observance of approved single salary schedule (KRS 157.320(12) and 157.350(3); and 702 KAR 3:070) means a schedule adopted by a local board from which all teachers are paid for one hundred eighty-five (185) days and is based on training, experience, and such other factors as the Kentucky Board of Education may approve and which does not discriminate between salaries paid elementary and secondary teachers. If the budget bill contains a minimum statewide salary schedule, no teacher shall be paid less than the amount specified in the biennial budget salary schedule for the individual teacher's educational qualifications and experience.

- ***Compliance with applicable laws and regulations governing procurement:***

School district purchasing procedures must comply with KRS 424.260 unless the district has adopted the local public agency provisions of KRS Chapter 45A, the Model Procurement Code, KRS 45A.343 to 45A.460, by formal action of the local board.

***Bid Law KRS 424.260 and 702 KAR 3:135:*** If a district has not adopted the Model Procurement Code, the Bid Law requires districts to advertise for sealed bids for any contract, lease or other agreement for materials; supplies except for perishable meat, fish and vegetables; equipment; or for contractual services other than professional, involving an expenditure of more than \$20,000. The \$20,000 threshold applies to district wide purchases rather than individual schools and is deemed to apply to items which can be purchased from the same vendor or can be grouped together by expenditure code such as teaching supplies. Contracts for construction of new school buildings and additions and repairs to existing buildings which exceed \$7,500 must be awarded by competitive sealed bidding (KRS 162.070).

***KRS 45A.365:*** If a district has adopted the Model Procurement Code, KRS 45A.365 requires that all contracts or purchases be awarded by competitive sealed bidding, which may include the use of a reverse auction, except as otherwise provided by KRS 45A.370 to 45A.385.

## State Compliance Requirements

**KRS 45A.370:** Competitive Negotiations are possible when specifications cannot be made sufficiently specific to permit award on the basis of either the lowest bid price or the lowest evaluated bid price; sealed bidding is inappropriate because available sources of supply are limited; or the bid prices received through sealed bidding are unresponsive or unreasonable.

**KRS 45A.380:** Noncompetitive Negotiation may be used when a written determination is made that competition is not feasible due to the following circumstances: (1) an emergency exists, (2) there is a single source within a reasonable geographic area of the product or service to be procured, (3) contract is for professional services other than construction management services, (4) contract is for perishable items purchased on a weekly or more frequent basis, (5) contract is for replacement parts, (6) contract is for proprietary items for resale, (7) contract is related to selling by students as an educational experience, (8) contract is related to authorized travel outside the school district, (9) contract is for purchase of supplies for sale at public auction, (10) contract is for group health and life insurance and accident insurance, group professional liability insurance, worker's compensation and unemployment insurance, (11) contract is for a sale of supplies that will result in a savings to the district, and (12) contract is with a private developer and contains a requirement.

**KRS 45A.385:** Small Purchase procedures may be used when the aggregate amount of the contract does not exceed \$20,000. Policy must be in writing and available to the public.

**KRS 45A.420:** State Price Contracts may be used when the result is a savings to the district and the purchase does not exceed two thousand five hundred dollars (\$2,500).

- **Conflicts of Interest (KRS 156.480):**

No employee of a school district with decision making authority over the financial position of a school, school district, or school system shall have any pecuniary interest in an amount exceeding twenty-five dollars (\$25).

- **Collection of School Taxes (KRS 160.500 - .510):**

Tax collector is entitled to a fee equal to his expenses but not less than 1.5% and not to exceed 4% for the collection of school taxes. The tax collector will, on or before the tenth day of each month, pay the depository of the board of education the amount of the school tax collected up to and including the last day of the preceding month. The amount paid, along with the classes of property from which it was received, is to be reported in writing to the treasurer of the board. This means that the sheriff or other property tax collector is not to deduct his fee from the taxes collected.

- **Interest on Investment of School Taxes (KRS 134.140(2)):**

If the sheriff invests local tax receipts, he must turn over to the board of education a proportionate share of investment earnings.

- **Compliance with Bonds, Penal Sum:**

**Fidelity bond, treasurer KRS 160.560(2):** "The treasurer shall execute an official bond for the faithful performance of the duties of his office to be approved by the local board and the Commissioner of Education. The bond shall be guaranteed by a surety authorized to do business in this state and shall be in an amount determined by the board of education in accordance with the administrative regulations promulgated by the Kentucky Board of Education. The premium on the bond shall be paid by the board



## **State Compliance Requirements**

of education. A copy of the bond shall be filed with the board of education and the Commissioner of Education.”

## State Compliance Requirements

**Fidelity bond, penal sum 702 KAR 3:080 Section 2:** As stipulated in Kentucky Administrative Regulations. “(1) A local board of education shall require a fidelity bond from the board treasurer, the finance officer, and others holding similar positions who are responsible for district funds or who receive and expend funds on behalf of the school district. (2) A local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the fidelity bond for all employees by July 1st of each year. (3) The local board of education shall submit the fidelity bonds to the Commissioner of Education for approval no later than July 31st of each year.” Review districts' personnel that have access or responsibility for local board funds and ensure that the districts comply with the administrative regulation by having that person(s) bonded appropriately.

**Bond of Depositories (KRS 160.570(1)):** “Each board of education shall appoint a bank, trust company, or savings and loan association to serve as its depository, and if its annual receipts from all sources exceed one hundred thousand dollars (\$100,000), it may designate three (3) depositories, except boards of education of school districts in counties containing cities of the first class may designate up to six (6) depositories. The depository may be designated for a period not to exceed two (2) years, and before entering upon its duties shall agree with the board as to the rate of interest to be paid on average daily or monthly balances.”

**Depository bond, penal sum 702 KAR 3:090:** As stipulated in Kentucky Administrative Regulations. (1) A local board of education, on the advice of the superintendent, shall determine the penal sum of the bond of depository at least thirty days prior to the depository entering upon its duties and by July 1 of each year. (2) The depository bond must be approved by the Commissioner of Education. (3) The penal sum of the depository bond shall be at least equal to either 103 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond or the highest daily balance in each account each month for all accounts in the previous year. The escrow agent for a depository choosing to use a collateral bond shall file safekeeping receipts with the local board of education as evidence of any collateral that has been pledged in accordance with the provisions of the bond executed by the depository institution. To reduce the penal sum of a collateral bond, the local board of education shall submit a notice, with reasons for the reduction, to the Commissioner of Education. A local board of education shall not permit a reduction of the collateral of a bond without execution of a new bond with prior approval of the Commissioner of Education.

- **Substitute Teacher Pay (702 KAR 3:075):**

Boards of education shall adopt a per diem pay schedule for substitute teachers which will take into account their training and experience.

- **Transportation Reimbursement (KRS 158.110 and KRS 158.115):**

Transportation of non-public school (private or parochial) children and reimbursement agreements per KRS 158.110 and accompanying attorney general opinions.

- **Payment of Salaries to School Employees (KRS 160.291 and 702 KAR 3:060):**

**KRS 160.291 and 702 KAR 3:060** state that all school employees working on a continuing, regular basis shall be paid regularly on dates determined by the employing board of education during the school year or during the fiscal year for 12 month employees.

**KRS 161.011** requires that districts provide contracts for all classified employees and that job descriptions are consistent with KDE Classification Plan for Classified Employees.

## State Compliance Requirements

- **Publication of the Budget and Annual Financial Statement (KRS 424.220, KRS 424.250 and KRS 160.463):**

**KRS 424.220** (1) “Excepting officers of a city of the first class or a consolidated local government, a county containing such a city or consolidated local government, a public agency of such a city, consolidated local government, or county, or a joint agency of such a city, consolidated local government, and county, or of a school district of such a city, consolidated local government, or county, and excepting officers of a city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census or an urban-county government, every public officer of any school district, city, consolidated local government, county, or subdivision, or district less than a county, whose duty it is to collect, receive, have the custody, control, or disbursement of public funds, and every officer of any board or commission of a city, consolidated local government, county, or district whose duty it is to collect, receive, have the custody, control, or disbursement of funds collected from the public in the form of rates, charges, or assessments for services or benefits, shall at the expiration of each fiscal year prepare an itemized, sworn statement of the funds collected, received, held, or disbursed by him during the fiscal year just closed, unless he has complied with KRS 424.230.” (4) “The financial reporting and publishing requirements for a school district are provided in KRS 160.463.”

**KRS 424.250:** The board of education of the district shall cause the budget to be advertised for the district by publishing a copy of the budget in a newspaper.

**KRS 160.463:** “The school board of each public school system shall direct its superintendent to publish the complete annual financial statement and the school report card annually:

- (a) In the newspaper of the largest general circulation in the county;
- (b) Electronically on a Web site of the school district; or
- (c) By printed copy at a prearranged site at the main branch of the public library within the school district.

If publication on a Web site of the school district or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public.

The notification shall include the address of the library or the electronic address of the Web site where the documents can be viewed.

Each system's financial statements shall be prepared and presented on a basis consistent with that of the other systems.”

- **No Extensions of Credit (Sections 177 and 179 State Constitution):**

Extension of credit by the Board of Education as prohibited in Sections 177 and 179 of the State Constitution.

- **Incompatibility:**

Incompatibility of offices and employment as stated in Sections 165 and 237 of the State Constitution. Refer also to KRS 61.080, 160.180, and 160.345.

## State Compliance Requirements

- **Exceeding of Budget per KRS 160.550 and 702 KAR 3:050:**

No expenditures are permitted in excess of the income and revenue of any year.

A district is deemed to be in a deficit if it ends a fiscal year with a negative fund balance in the General Fund as reported on the district's Annual Financial Report.

- **Adherence to budget and tax cycle outlined in KRS 160.470, KRS 160.345, 702 KAR 3:246, KRS 132.0225, HB 200 (2018 Regular Session):**

KRS 160.345(2)(f) and 702 KAR 3:246 require local boards to make a tentative allocation to school councils by March 1 and notice of an updated allocation by May 1 of each year which shall include the amount of certified and classified staff based on the district's staffing policy and the amount for instructional supplies, materials, travel and equipment. KRS 132.0225 requires that a taxing district that does not elect to attempt to set a rate that will produce more than four percent (4%) in additional revenue, exclusive of revenue from new property as defined in KRS 132.010, over the amount of revenue produced by the compensating tax rate as defined in KRS 132.010 shall establish a final tax rate within forty-five (45) days of the department's certification of the county's property tax roll. A city that does not elect to have city ad valorem taxes collected by the sheriff as provided in KRS 91A.070(1) shall be exempt from this deadline. Any nonexempt taxing district that fails to meet this deadline shall be required to use the compensating tax rate for that year's property tax bills.

Allocations to School-Based Decision Making Councils: Notwithstanding 21 KRS 160.345(8), for fiscal years 2018-2019 and 2019-2020, a local board of education may reduce the allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than \$100 per pupil in average daily attendance.

**KRS 160.470(6)(a), HB 200 (2018 Regular Session):** also requires boards of education to adopt a tentative working budget for subsequent fiscal year by May 30 of each calendar year. Notwithstanding KRS 160.470(6) or any statute to the contrary, during fiscal year 2018-2019 and fiscal year 2019-2020 local school districts may adopt and the Kentucky Board of Education may approve a working budget that includes a minimum reserve less than two percent of the total budget. The Kentucky Department of Education shall monitor the financial position of any district that receives approval for a working budget with a reserve of less than two percent and shall provide a financial report for those districts at each meeting of the Kentucky Board of Education.

**KRS 160.470(6)(b)** requires local boards to submit a working budget to the Kentucky Board of Education by September 30 of each calendar year. Evidence of board action can be found in the official minutes of the board.

**HB200 (2018 Regular Session):** Each local school district shall submit a report to the Legislative Research Commission and the Department of Education no later than December 1 of each fiscal year, which shall include:

- (1) All expenses charged to the Instruction (1XXX), Student Support Services (21XX), Instructional Staff Support Services (22XX), District Administrative Support Services (23XX), School Administrative Support Services (24XX), and Business Support Services (25XX) function codes in the "MUNIS Uniform Chart of Accounts" (revised effective July 1, 2017, delineated by the relevant subfunction codes, for the previous fiscal year;

## State Compliance Requirements

- (2) A comparison of the previous fiscal year's expenses, as detailed in subsection (1) of this section, with the same expenses in the preceding fiscal year;
- (3) A detailed section explaining steps taken to reduce administrative expenditures while maintaining and expanding instructional expenditures; and
- (4) A copy of the district's policy for maintaining a reserve fund balance in compliance with appropriate government and accounting standards.

- **SFCC Participation (KRS 157.611 - .640):**

The School Facilities Construction Commission was established to help local school districts meet their school construction and education technology needs. The commission administers two separate programs: the school construction funding program and the education technology program. Funds appropriated for each program to the school district are to be maintained and audited separately.

For the School Facilities Construction program, noncompliance with KRS 157.611(2), .615(1), .620(1-3), .622(5), .625(4), .627(1-3), or .632(1) shall be noted.

For the Education Technology Funding program, refer to KRS 157.650 - .660 and 750 KAR 2:010. Expenditures from the technology fund must be consistent with the district's approved technology plan.

- **Interest Earned on Restricted Accounts (KRS 157.615 and KRS 157.620):**

The school district shall transfer all available local revenue, as defined by KRS 157.615(1), to a restricted account for school building construction, to be utilized for the priorities defined by the approved school facilities plan.

Interest earned on funds deposited in the restricted accounts required by KRS 157.620(2) shall be deposited in the restricted account and shall become part of the restricted funds.

- **Retirement Systems:**

Compliance with applicable statutes and regulations governing the Teachers' Retirement System (TRS) is located at Teachers Retirement System - <https://trs.ky.gov/employers/> and the County Employees' Retirement System (CERS) is located at County Employees' Retirement System - <https://kyret.ky.gov/Employers/Pages/default.aspx>.

- **Property Insurance (KRS 160.105 and 702 KAR 3:030):**

Insurance required per KRS 160.105 and 702 KAR 3:030. The school district shall provide for fire and extended insurance coverage on each building owned by the board that is not surplus to its needs as shown by the approved facility plan. The requirement for such coverage shall not exceed replacement cost and shall allow for the features of coinsurance and deductibles. Refer to the following KDE, District Facilities Branch's webpage link for the fiscal year 2019 Property Insurance Replacement Cost.:

Property Insurance Replacement Costs - <https://education.ky.gov/districts/fac/Pages/Property-Insurance.aspx>. While the statute and regulation explicitly require replacement cost insurance for non-surplus property, surplus property should also be covered by an insurance policy to protect the district's investment. For surplus property, the suggested coverage would be based on fair market value of the structure(s) covered.

- **Sick Leave (KRS 157.420(3)):**

## State Compliance Requirements

Unused sick leave per KRS 157.420(3) provides guidance to school districts for funding a restricted sick leave account, and compensating teachers or employees, for unused sick leave. “A district that compensates its teachers or employees for unused sick leave at the time of retirement, pursuant to KRS 161.155, may create an escrow account to maintain the amount of funds necessary to pay teachers or employees who qualify for receipt of the benefit. The fund is limited to not more than fifty percent (50%) of the maximum liability for the current year to be determined according to the number of staff employed by the district on September 15. Interest generated by the account shall be calculated as part of the total amount. The funds shall not be used for any purpose other than compensation for unused sick leave at time of retirement and shall not be considered as part of the general fund balance in determining available local revenue for purposes of KRS 157.620.” Full disclosure of findings is desired.

- ***Per Diem and Expenses for Board Members (KRS 160.280):***

“Members of boards of education shall receive no salaries, but members of boards of education may receive a per diem for seventy-five dollars (\$75) in any calendar year, and their actual expenses for each regular or special meeting attended. Members shall receive this same per diem for training required by KRS 160.180. In no case shall the expenses incurred within the district or per diem of any member exceed three thousand dollars (\$3,000) in any calendar year.

Members of boards of education may be reimbursed for actual and necessary expenditures incurred outside the district in performance of their duties authorized by the board.

All claims shall be made out according to law and filed with the secretary of the board and shall be approved and paid as other claims against the board.

Board members shall be eligible to participate in any group medical or dental insurance plan provided to employees of the district pursuant to KRS 161.158. Participating board members shall pay the full cost of any premium required for their participation in the plan.”

**Legislative changes, if applicable, will supersede the data approved in the fiscal year 2018-2019 Audit Contract package.**

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Appendix I-Audit Extension Request  
*Audit Fiscal Year 2018 - 2019*

Audit Firm Name: \_\_\_\_\_ Audit Firm Telephone Number: \_\_\_\_\_  
Auditor Name: \_\_\_\_\_  
District Name: \_\_\_\_\_

Requested Extension Date: \_\_\_\_\_

Extensions are being carefully scrutinized by the State Committee for School District Audits, and are by no means automatically approved. It is of utmost importance that the audits be completed by the due date, and that the audits agree to the districts' AFRs per the audit contract.

**THIS SECTION MUST BE COMPLETED BY AUDIT FIRM**

- 1) What are the specific reasons the audit cannot be completed on or before November 15<sup>th</sup>?
  - a) Audit Firm Issues?
  - b) School District Issues?
- 2) When did the audit firm begin work on the audit?
  - a) Summarize work completed to date.
  - b) Summarize work yet to be completed.
- 3) Has the firm encountered any difficulties working with the district personnel or their financial records?
- 4) Does the audit firm or district need guidance from KDE in order to complete the audit on time?
- 5) How many school district audits is this firm performing for the current audit year?
- 6) Has the audit firm requested extensions for any other districts?
  - a) If yes, how many?  
Provide the names of those districts.
  - b) What reasons are given for the other districts' extension requests?
- 7) Was an extension requested by this audit firm for this district for the prior audit year? If yes, what were the reasons given for the extension request?
- 8) Was an extension requested by this audit firm for any other districts for the prior audit year? If yes, what were the reasons given for the extension requests?



*Appendix I – Audit Extension Request*  
*Audit Fiscal Year 2018 - 2019*

Audit Firm Name: \_\_\_\_\_

District Name: \_\_\_\_\_

Superintendent Name: \_\_\_\_\_

Finance Officer Name: \_\_\_\_\_

District Telephone Number: \_\_\_\_\_

**THIS SECTION MUST BE COMPLETED BY THE SCHOOL DISTRICT**

- 1) Were you aware that your audit firm has requested an extension?
- 2) Does the audit firm or district need guidance from KDE in order to complete the audit on time?
- 3) Have there been any difficulties or problems between the district and the audit firm?
- 4) Has the district provided the audit firm all of the documentation requested, including the Management Discussion and Analysis? If no, please explain what has not been submitted to the auditor and what steps are being taken to resolve the matter.
- 5) Does the district believe that an extension is necessary?

If the audit cannot be completed by the deadline, the auditor shall submit an Audit Extension Request form, fully completed by both auditor and the district, to KDE on or before October 1, 2019. This form is provided and must be completed and submitted electronically as follows:

[Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov)  
with the “DISTRICT NAME AUDIT EXTENSION REQUEST”  
in the subject line (SUBJECT: DISTRICT NAME AUDIT EXTENSION REQUEST)  
Carbon copy School District Superintendent and Finance Officer

Appendix II - Submission Instructions

**Due to KDE on or before May 28, 2019**

**ELECTRONIC COPIES:**

- The **Audit Acceptance Statement web form**, which includes the justification section for using the same auditor/audit firm for five consecutive years, must be completed and submitted electronically through KDE SharePoint at <https://staffkyschools.sharepoint.com/sites/dsapps/DFMB/Lists/DistAudAccStat/Default.aspx>.

The **Audit Acceptance Statement electronic web form submission instructions** are located on the **Financial Audit Contract Information KDE website** at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>.

**SIGNED PAPER COPIES:**

- Send one signed **audit contract**, latest peer review report and, if applicable, any letter of response and KyCPA Peer Review Committee letter to KDE at the following address:  
Division of District Support  
Kentucky Department of Education  
Attn: District Financial Management Branch  
300 Sower Blvd, 4<sup>th</sup> Floor  
Frankfort, KY 40601

**Due to KDE on or before November 15, 2019**

**ELECTRONIC COPIES:**

- The **Audited AFR and Balance Sheet** that are in agreement with the FY2018-2019 audit report must be submitted through the KDE SEEK District Data Submission program at [SEEK](#). The MUNIS Annual Financial Report Guide STW GL 2 instructions for creating and submitting the Annual Financial Report and Balance Sheet electronically to KDE and the Audited AFR and Balance Sheet Submission Guide are located on the KDE MUNIS Support and Guides website at [MUNIS Support and Guides-http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx](http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx), choose the General Ledger-Year End section.
- **The Statement of Certification (SOC) must be certified and submitted by selecting the SOC option** during the electronic submission of the FY 2018-2019 Audited AFR and Balance Sheet through the KDE SEEK District Data Submission program at [SEEK](#). One electronic copy of the **audit report** must be submitted to the following e-mail address: [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov) with the "DISTRICT NAME AUDIT" in the subject line (SUBJECT: DISTRICT NAME AUDIT).
  - The audit report shall be submitted in ADOBE ACROBAT (PDF) with the file name "FY2018-2019 FA District Name.pdf". Example: FY2018-2019 FA Adair Co.pdf. One electronic copy of the management letter must be submitted, either included with the audit report or in a separate PDF file. If submitted separately, it must be submitted to the same address listed above for submission of the audit

report with the file name “FY2018-2019 FA District Name Mgt Ltr.pdf”. Example: FY2018-2019 FA Adair Co Mgt Ltr.pdf.

- The audit report and management letter must be **signed** and saved as a PDF file. Files must be text-based PDF and unlocked for improved accessibility.
- Electronic audit documents cannot be password protected.
- Single Audits must be submitted electronically to the **Federal Audit Clearinghouse** at Federal Audit Clearinghouse, in accordance with 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The Management Letter Comments Spreadsheet must be submitted to the following email address: [Finance.Reports@education.ky.gov](mailto:Finance.Reports@education.ky.gov) with the “District Name Mgmt Letter Comments” in the subject line. All auditor firms or auditors must comply with the specified spreadsheet format located on the KDE website at Management Letter Comments Spreadsheet - <https://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>.

#### **SIGNED PAPER COPIES:**

- Send one signed paper copy of the **audit report** to KDE at the following address:

Division of District Support  
Kentucky Department of Education  
Attn: District Financial Management Branch  
300 Sower Blvd, 4<sup>th</sup> Floor  
Frankfort, KY 40601  
Attn: Financial Management Branch

- Deliver one signed paper copy of the **audit report** to the **school district**.

#### **Due to KDE within the timeframe designed by KDE**

#### **RESUBMISSION:**

- If it is determined that the audit report needs to be revised and resubmitted to KDE, either during the audit review process or as a result of 2 CFR 200 Desk Review findings, the auditor will submit one electronic revised and signed copy of the audit report to KDE within the timeframe designated by KDE. No hard copy of the revised audit report is required.
- The entire audit report shall be resubmitted to the local board, KDE, and all other parties to whom the original audit report was submitted.

Independent Auditor's Contract

To provide for a school district audit in compliance with KRS 156.255, 156.265, 156.275, 156.285, 156.295, and 156.480, this agreement is entered into for audit period ending June 30, 2019, between the \_\_\_\_\_ Fayette County Public Schools \_\_\_\_\_ Board of Education (BOARD), and \_\_\_\_\_, (ACCOUNTANT), who is a Certified Public Accountant or a Public Accountant registered with the **Kentucky** State Board of Accountancy.

**I. DUTIES OF ACCOUNTANT**

- A. The ACCOUNTANT shall render an opinion on the financial statements of the BOARD for fiscal year 2018-2019. The scope and nature of the audit shall be in accordance with the Auditor Responsibilities and State Compliance Requirements. These requirements are incorporated as a part of this agreement.
- B. ACCOUNTANT shall address the audit report and written comments to the BOARD and to the State Committee for School District Audits (COMMITTEE).
- C. ACCOUNTANT shall deliver the audit report in accordance with Section VII.A. DELIVERY OF AUDIT REPORT. If the audit report cannot be timely submitted, the ACCOUNTANT shall submit an Audit Extension Request in accordance with Section VI.A. AUDIT EXTENSION REQUEST.

**II. DUTIES OF BOARD**

- A. The BOARD shall make available to the ACCOUNTANT no later than August 2, 2019, all books, accounts, reports, vouchers, correspondence files, records, money, and property under its control which may be requested by the ACCOUNTANT in the course of performing the audit.

**III. AUTHORITY OF COMMITTEE**

- A. The COMMITTEE and the Kentucky Department of Education (KDE) may examine work papers of the ACCOUNTANT and may perform quality control reviews of the audit procedures utilized during the course of the audit;
- B. The COMMITTEE and the BOARD may prohibit the use of any subcontractor by the ACCOUNTANT in their sole discretion. During the term of the contract, no subcontractor shall be used without the prior written approval of the COMMITTEE and the BOARD; and
- C. The COMMITTEE will consider Audit Extension Requests submitted by ACCOUNTANT prior to October 1, 2019. Provided the COMMITTEE determines the delay is unavoidable and due to factors beyond the ACCOUNTANT'S control, the COMMITTEE may, in their sole discretion, allow for the audit to be submitted to KDE without penalty after the November 15, 2019 due date.

**IV. COMPENSATION**

- A. The ACCOUNTANT shall be paid an amount agreed upon between the ACCOUNTANT and the BOARD, consistent with the Audit Acceptance Statement, which is incorporated herein by reference, for the successful completion of the work defined by this agreement.
- B. Final payment is predicated upon completion of the work as described in Section I. DUTIES OF ACCOUNTANT and delivery of documentation as described in Section VII. DELIVERY OF AUDIT REPORT.
- C. Compensation to the ACCOUNTANT in excess of the amount stated on the AUDIT ACCEPTANCE STATEMENT **must be approved by the COMMITTEE if said increase exceeds \$1,000 or 10% of the audit fee, whichever is less. The ACCOUNTANT must submit a written explanation to the BOARD and the COMMITTEE for the requested increase in compensation before the**

**COMMITTEE will consider any increase. The requested increase and written explanation must be submitted to the BOARD and Committee no later than submission of ACCOUNTANT's invoice for payment.**

- D. The ACCOUNTANT shall submit to the BOARD an invoice for payment which shall be signed by the ACCOUNTANT and contain adequate supporting documentation such as: **detail of hours worked by each auditor classification (e.g., partner, manager, supervisor, senior, staff, etc.) in major audit areas or supervisory/administrative functions.**

#### **V. SUPPLEMENTAL AGREEMENTS**

- A. The scope of the audit may be increased or decreased by written supplemental agreement between the BOARD and the ACCOUNTANT, if the reasons for the increase or decrease have first been reported in writing by the ACCOUNTANT to the COMMITTEE and the COMMITTEE approves the increase or decrease. The audit fee may be adjusted for the increase or decrease in the scope of the audit in accordance with Section IV.C. COMPENSATION.

#### **VI. AUDIT EXTENSION REQUEST**

- A. If the audit cannot be completed on or before November 15, 2019, due to factors beyond the control of the ACCOUNTANT, the ACCOUNTANT shall electronically submit an Audit Extension Request form, fully completed by both the ACCOUNTANT and the BOARD, to KDE on or before October 1, 2019. The form is provided in **Appendix I** - Audit Extension Request.

#### **VII. DELIVERY OF AUDIT REPORT**

- A. The ACCOUNTANT agrees to begin the audit of the BOARD on or before August 2, 2019 or 15 days from execution date of this contract, whichever is later, and further agrees to complete and deliver a signed paper copy of the audit report to the BOARD, one signed paper copy to the COMMITTEE in care of KDE, and an electronic copy to KDE in accordance with **Appendix II** - Instructions for Submission of the Audit Report on or before November 15, 2019, or at a later date approved by the COMMITTEE. All electronic and paper copies of the audit report must be received by KDE on or before November 15, 2019 for it to be considered filed timely. If the audit report has not been received by KDE on or before November 15, 2019 or by the later date approved by the COMMITTEE, the audit will be considered late and penalties as outlined in Section VIII. PENALTIES may be imposed at the discretion of the COMMITTEE.

#### **VIII. PENALTIES**

- A. There may be a 10% reduction of the audit fee if one or more of the following conditions occur: (1) the audit report is not submitted in accordance with VII.A. DELIVERY OF AUDIT REPORT; or (2) the audit report does not contain the information shown under Audit Report Requirements.
- B. The ACCOUNTANT may, in the sole discretion of the COMMITTEE, be ineligible to conduct a school district audit for the upcoming fiscal year if one or more of the conditions in section A occur.
- C. The COMMITTEE may, in its sole discretion, waive penalties for delays caused by circumstances beyond the control of the ACCOUNTANT.

#### **IX. EFFECTIVE DATE**

- A. This agreement, between the ACCOUNTANT and the BOARD, shall not become effective until this contract has been approved by the COMMITTEE and signed by the COMMITTEE Chair. This agreement is effective for the 2018-2019 fiscal year.

**X. TERMINATION**

- A. The BOARD shall have the right to terminate and cancel this contract at any time without cause upon 30 days written notice served on the ACCOUNTANT by registered or certified mail. The BOARD shall have the right to terminate and cancel this contract for cause upon five days written notice served on the ACCOUNTANT by registered or certified mail.
- B. If cause exists to terminate the contract, and the BOARD does not terminate, the COMMITTEE may terminate and cancel this contract for cause upon five days written notice served on the ACCOUNTANT by registered or certified mail.
- C. "Cause" includes, but is not limited to any of the following:
  - 1. Failure to commence work within 15 days of execution of the contract or on or before August 2, 2019, whichever is later;
  - 2. Previous history of extension requests by the same ACCOUNTANT for the same district;
  - 3. Failure to submit the audit on or before November 15, 2019;
  - 4. Failure to communicate to KDE timely about problems encountered in conducting the audit;
  - 5. Violation of any of the provisions in Section XI. REPRESENTATIONS AND WARRANTIES; or
  - 6. Failure to abide by any of the terms and conditions of this agreement.

**Cause shall not include any factor wholly the fault of the BOARD.**

**XI. REPRESENTATION AND WARRANTIES**

- A. The ACCOUNTANT is legally able and authorized to enter into contracts with the BOARD, including on behalf of any entity under which the ACCOUNTANT practices.
- B. The performance of this agreement would not violate any conflict of interest law, including but not limited to KRS 156.480.
- C. The ACCOUNTANT has no personal interest in the financial affairs of the BOARD or any of its officers or employees.

**XII. MATERIALS INCORPORATED BY REFERENCE**

- A. Any materials referred to herein are incorporated by reference and made a part of this contract, which shall include the materials attached hereto and supplied to the ACCOUNTANT, consisting of 32 pages.

**XIII. MISCELLANEOUS**

- A. ACCOUNTANT or Partner has authority to enter into this contract on behalf of the FIRM noted below.
- B. A copy or electronic copy of this contract shall be enforceable the same as an original.
- C. This contract may be executed in counterparts and taken together shall serve as a single enforceable contract.

**THIS AGREEMENT ENTERED INTO AS DATED BELOW:**

**AGREED TO BY:**

<b>BOARD OF EDUCATION</b>	<b>ACCOUNTANT/FIRM</b>
<b>BY: SCHOOL BOARD CHAIR</b>	<b>BY: PARTNER</b>
<b>DATE</b>	<b>DATE</b>

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
DATE

ACCEPTED BY:

STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

\_\_\_\_\_  
BY: STATE COMMITTEE CHAIR

\_\_\_\_\_  
DATE

One signed audit contract is due to KDE by close of business on May 28, 2019.  
Please send to:

Division of District Support  
Kentucky Department of Education  
Attn: District Financial Management Branch  
300 Sower Blvd, 4<sup>th</sup> Floor  
Frankfort, KY 40601  
Attn: Financial Management Branch

**References**

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Company Name Providing Reference

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Address City/State/Zip

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Name of Contact Person

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Telephone Number of Contact Person

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Email Address of Contact Person

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Date/Duration of Service Relationship

Brief description of search and results:

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