

# (ATTACHMENT 3) ACTION ON THE AWARD OF PROFESSIONAL SERVICES CONTRACTS

PR#: R258768  
Contract Number: CS005027  
Vendor Number: V006288

## MILWAUKEE BOARD OF SCHOOL DIRECTORS PROFESSIONAL SERVICES CONTRACT

This Contract is being entered into this 30th day of January 2015, by and between **Baker Tilly Virchow Krause, LLP** ("Contractor") and Milwaukee Board of School Directors ("MPS").

### 1. SCOPE OF SERVICES

Contractor shall perform the following services:

Contractor shall conduct and perform fiscal audit services for the years ended June 30, 2015, 2016 and 2017. Contractor shall specifically perform all of the audit tasks and issue the reports required in accordance with the specifications set within the Contractor's response to RFP 861 dated September 29, 2014, (Exhibit A), MPS Request for Proposal 861 (Exhibit B), and the Contractor's engagement letter dated TBD, (Exhibit C), all of which are herein expressly incorporated by reference. All tasks to be performed as described in the scope of services are the responsibility of the Contractor.

This audit shall be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the *Government Auditing Standards* issued by the Comptroller General of the United States; *Office of Management and Budget (OMB) Circular A-133*, OMB "Supercircular or Omni Circular"; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Contractor shall ensure that formal entrance and exit conferences are held with responsible administrators, managers and program officials for the audit engagement segments identified in the Audit Scope.

Periodic progress meetings, at least monthly during the course of the audit engagement, shall be coordinated through MPS Audit Services. All meetings will include a representative from MPS Audit Services. Contractor shall deliver the number of copies of the final report(s) addressed to the Milwaukee Board of School Directors in accordance with the requirements specified in the Request for Proposal #861. MPS reserves the right to determine the format and final packaging of reports required by this Contract.

Contractor shall provide, at its own expense, all personnel required to perform the services under this Contract.

### 2. TERM

This Contract shall be in effect from July 1, 2015 through June 30, 2018 with the option to extend the Contract for two (2) additional one-year terms upon approval of the MPS Board of School Directors.

**No work** shall commence before a Contractor receives a fully executed Contract and has been given approval to proceed. Any work performed by the Contractor prior to obtaining a fully-executed Contract with approval to proceed shall not be compensated pursuant to this Contract. Any continuation of the Contract beyond this term must be set forth in writing and signed by the original signatories to the Contract.

### 3. COMPENSATION

Compensation under this Contract for years 1 through 3 shall not exceed \$894,000.00 and shall be at the rates identified in Contractor's Dollar Cost Bid for Audit Services dated September 29, 2014, attached hereto as Exhibit D and expressly incorporated by reference. Years 4 and 5 compensation, if extended under paragraph 2 are also set forth in Exhibit D.

MPS reserves the right to determine in its sole discretion whether services have been adequately and fully delivered; to withhold payment until services are fully and adequately delivered; or to disallow a pro rata share of payments for services not fully and adequately delivered.

Milwaukee Public Schools does not pay in advance for services. No payment shall be made until a properly submitted invoice is approved. Invoices shall be submitted to:

MPS Board of School Directors  
Attn: Paul Geib- Office of Board Governance- Audit Services  
5225 W. Vliet Street  
Milwaukee, WI 53208

A properly submitted invoice must include a detailed description of the dates and times worked, and the tasks performed. Monthly invoices shall be submitted to the address stated above at the rates set forth in the attached Exhibit D. Ten percent

(10%) of the annual fee shall be retained pending delivery of the Contractor's final report and presentation to the Milwaukee Board of School Directors. As a matter of practice, MPS attempts to pay all invoices in 30 days. It is mutually agreed that State Prompt pay law does not apply to this Contract.

Unless otherwise specified, MPS shall not pay invoices submitted more than 60 days after actual work. In the case of grant funding, no payments shall be made after grant close out. Final invoices must be marked as such.

#### **4. NON APPROPRIATION OF FUNDS**

This Contract is contingent upon the appropriation of sufficient funds by appropriate MPS officials. If funds are not appropriated, Contractor agrees to take back any commodities furnished under the Contract, terminate any services supplied to MPS under the Contract, and relieve MPS of any further obligations under the Contract.

#### **5. NON-DISCRIMINATION**

In the performance of work under this Contract, Contractor shall not discriminate in any way against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40) or sex. This prohibition includes but is not limited to employment; promotions, demotions and transfers; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeships. Contractor is required to include a similar provision in all subcontracts to this Contract.

If MPS determines Contractor has violated this non-discrimination policy, MPS may terminate this Contract without liability for undelivered services or materials. MPS may also deem the Contractor ineligible to participate in future contracts with MPS.

#### **6. INDEMNITY**

Notwithstanding any references to the contrary, Contractor assumes full liability for all of its acts or omissions in the performance of this Contract, as well as the acts or omissions of its subcontractors. Contractor shall indemnify and hold harmless MPS, its agents, officers and employees against all liabilities, losses, judgments, decrees, costs, and expenses that may be claimed against MPS as a result of granting of this Contract to said Contractor, or that may result from the carelessness or neglect of said Contractor, its agents, or employees. If a final judgment is recovered against MPS in a suit of law or equity based on the gross negligence, intentional misconduct or fraudulent conduct of the Contractor in providing the services herein, the Contractor agrees to indemnify MPS for such judgment, including the reasonable costs and reasonable attorneys' fees associated therewith.

In accordance with applicable laws, MPS shall be responsible for defending and paying judgments on behalf of its officers, employees and agents while acting within the scope of their employment or agency for any claims that may arise out of MPS' negligence for acts, policies, or directives that affect the activities covered by this Contract.

#### **7. BACKGROUND CHECKS**

A criminal information background check is required for all persons providing services under this Contract, including volunteers, that: (1) provide services in MPS facility(ies) on a regular and ongoing basis or more than 5 hours per week; and (2) come into contact with or have access to MPS students with or without the presence of an MPS teacher or MPS supervisor.

The purpose of this check is to ensure there is nothing that would render the person(s) unfit to perform services under this Contract where there is contact and or access to MPS students. MPS will, in its sole discretion, determine whether there is anything in a background check that would render a person unfit to work in an MPS facility with contact or access to MPS students. MPS shall perform background checks in the state(s) in which the individual resided for at least 6 months in the last 5 years, and was 18 years old or older at the time.

Contractor may perform its own criminal background checks through the Wisconsin Department of Justice Crime Information Bureau ("CIB") or another similar source. Upon MPS's request, Contractor shall provide the completed criminal background checks at least 10 days prior to any services being performed pursuant to this Contract.

MPS will perform the necessary background investigation at the rate of \$10.00 per person. In the event Contractor chooses this option, Contractor may contact the Office of Classified Staffing at 475-8157 to obtain the necessary forms. Please note that all forms must be filled out and submitted at least 30 days prior to the commencement of the services.

All background checks must be completed prior to the commencement of services under this Contract. MPS will NOT be responsible for the payment of any services rendered by Contractor before the completion of these criminal information background checks.

**8. INSURANCE AND PROOF OF FINANCIAL RESPONSIBILITY**

Contractor understands and agrees that financial responsibility for claims or damages to any person, or to Contractor's employees and agents, shall rest with the Contractor. Contractor and its subcontractors shall effect and maintain any insurance coverage, including, but not limited to, Workers' Compensation, Employers' Liability, General Liability, Contractual Liability, Professional Liability, Automobile Liability and Umbrella Liability to support such financial obligations. The indemnification obligation, however, shall not be reduced in any way by existence or non-existence, limitation, amount or type of damages, compensation, or benefits payable under Workers' Compensation laws or other insurance provisions.

The minimum limits of insurance required of the Contractor by MPS shall be:

Workers' Compensation	Statutory Limits
Employers' Liability	\$100,000 per occurrence
General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate
Professional Liability	\$1,000,000 per occurrence
Auto Liability	\$1,000,000 per occurrence
Umbrella (excess) Liability	\$1,000,000 per occurrence

MPS shall be named as an additional insured under Contractor's and subcontractors' general liability insurance and umbrella liability insurance. Evidence of all required insurances of Contractor shall be given to MPS. The certificate of insurance or policies of insurance evidencing all coverages shall include a statement that MPS shall be afforded a thirty (30) day written notice of cancellation, non-renewal or material change by any of Contractor's insurers providing the coverages required by MPS for the duration of this Contract.

**9. SHIPPING/TAXES**

If goods are provided pursuant to this Contract, please note that MPS is exempt from Federal Excise and Wisconsin Sales Taxes. All vendor quotes, bids and invoices must include delivery FOB destination to the MPS location receiving the goods and freight must be prepaid. This means any freight, shipping, processing, handling or like charges must be part of a unit price. Any separate line items for freight, shipping, processing, handling or like charges listed on an invoice will be deleted and NOT PAID.

All textbook purchases shall be governed by the terms and conditions in the Milwaukee Board of School Director Textbook Contract, found on the Milwaukee Public Schools portal (<http://mpsportal.milwaukee.k12.wi.us>) which provides that textbooks shipped to MPS or its schools must be done at no additional charge to MPS or its schools.

MPS reserves the right to reject any items that do not conform to the bid, quote or Purchase Order. All return freight charges associated with the rejected materials shall be borne by the vendor.

**10. IRREPARABLE HARM**

It is mutually agreed the breach of this Contract on Contractor's part may result in irreparable and continuing damage to MPS for which money damages may not provide adequate relief. Therefore, the breach of this Contract on Contractor's part may entitle MPS to both preliminary and permanent injunctive relief and money damages insofar as they can be determined under the circumstances.

**11. TERMINATION BY CONTRACTOR**

Contractor may, at its option, terminate this Contract upon the failure of MPS to pay any amount, which may become due hereunder for a period of sixty (60) days following submission of appropriate billing and supporting documentation. Upon said termination, Contractor shall be paid the compensation due for all services rendered through the date of termination including any retainage.

**12. TERMINATION BY MPS - BREACH BY CONTRACTOR**

If Contractor fails to fulfill its obligations under this Contract in a timely or proper manner, or violates any of its provisions, MPS shall thereupon have the right to terminate it by giving five (5) days written notice before the effective date of termination of the Contract, specifying the alleged violations, and effective date of termination. The Contract shall not be terminated if, upon receipt of the notice, Contractor promptly cures the alleged violation with five (5) days. In the event of termination, MPS will only be liable for services rendered through the date of termination and not for the uncompleted portion, or for any materials or services purchased or paid for by Contractor for use in completing the Contract.

**13. TERMINATION BY MPS**

MPS further reserves the right to terminate this Contract at any time for any reason by giving Contractor written notice by Registered or Certified Mail of such termination. MPS will attempt to give Contractor 20 days notice, but reserves the right to give immediate notice. If In the event of said termination, Contractor shall reduce its activities hereunder, as mutually agreed to, upon receipt of said notice. Upon said termination, Contractor shall be paid for all services rendered through the date of termination, including any retainage. This section also applies should the Milwaukee Board of School Directors fail to appropriate additional monies required for the completion of the Contract.

#### **14. INDEPENDENT CONTRACTOR**

Contractor agrees and stipulates that in performing this Contract, it is acting as an Independent Contractor, and that no relationship of employer and employee, partnership or joint venture is created by this Contract. Contractor has exclusive control over work hours, location, and other details of such services, and MPS' sole interest is to ensure that said service shall be performed and rendered in a competent, safe, efficient, timely and satisfactory manner in accordance with the terms of this Contract.

Contractor has the sole obligation to provide for and pay any contribution or taxes required by federal, state or local authorities imposed on or measured by income. Contractor specifically covenant not to file any complaint, charge, or claim with any local, state or federal agency or court in which Contractor claims to be or to have been an employee of MPS during the period of time covered by this Contract and that if any such agency or court assumes jurisdiction of any complaint, charge or claim against MPS on Contractor's behalf, Contractor will request such agency or court to dismiss such matter. MPS shall not be charged any obligation or responsibility whatsoever of extending any fringe benefits which may be extended to MPS employees, including any insurance, or pension plans.

Contractor further agrees that MPS is not to be charged with the obligation or responsibility of extending any fringe benefits such as hospital, medical and life insurance, or pension plans which may be extended to employees of MPS from time-to-time and further agree to indemnify and hold harmless MPS and all its employees, officers and agents from any liability for personal injuries, including death, or for damage to or loss of personal property, which might occur as a result of the performance of the services provided for under this Contract.

#### **15. ASSIGNMENT LIMITATION**

This Contract shall be binding upon and inure to the benefit of the parties and their successors and assigns; provided, however, that neither party shall assign its obligations hereunder without the prior written consent of the other.

#### **16. PROHIBITED PRACTICES**

- A. Contractor during the period of this Contract shall not hire, retain or use for compensation any member, officer, or employee of MPS to perform services under this Contract, or any other person who, to the knowledge of Contractor, has a conflict of interest.
- B. Contractor hereby attests it is familiar with MPS's Code of Ethics, providing in pertinent part, "[a]n employee of Milwaukee Public Schools may not accept any gift or gratuity in excess of \$25.00 annually from any person, persons, group or any firm which does business with or is attempting to do business with MPS."
- C. MPS has a Livable Wage policy that requires anyone having a contract with MPS must pay all of their employees a livable wage in accordance with City of Milwaukee Ordinance 310-13. The current livable wage rate can be found at the City of Milwaukee website <http://city.milwaukee.gov/ImageLibrary/Groups/doaPurchasing/forms/livingWageTable.docx>
- D. No person may enter into this Contract for services that the MPS employee would otherwise perform as an employee.
- E. No current or former MPS employee may perform services on a professional services contract without the prior written consent of the Director of Human Relations of her designee.
- F. If the Contract is for apparel for \$5,000.00 or more, the Contractor agrees to provide only items manufactured by responsible manufacturers. Contractor is required to include a similar provision in all subcontracts to this Contract.

#### **17. NOTICES**

Notices to either party provided for in this Contract shall be sufficient if sent by Certified or Registered mail, postage prepaid, addressed to the signatories on this Contract, or to their designees.

#### **18. WAIVER**

The waiver or failure of either Party to exercise in any respect any rights provided for in this Contract shall not be deemed a waiver of any further right under this Contract.

#### **19. INTEGRATION/SEVERABILITY**

This Contract and its exhibits and addenda, if any, constitute the entire Contract among the Parties with respect to the subject matter hereof and supersede all prior proposals, negotiations, conversations, discussions and Contracts among the Parties concerning the subject matter hereof. No amendment or modification of any provision of this Contract shall be effective unless the same shall be in writing and signed by both Parties.

The District shall not be bound by any terms and conditions included in of Contractor's packaging, service catalog, brochure, technical data sheet or other document which attempts to impose any conditions at variance with or in addition to the terms and conditions contained herein.

If any term or provision of this Contract should be declared invalid by a court of competent jurisdiction or by operation of law, the remaining terms and provisions of this Contract shall be interpreted as if such invalid Contracts or covenants were not contained herein.

#### **20. CHOICE OF LAW & FORUM**

The state courts of Wisconsin shall be the sole forum for all disputes arising of this Contract. The validity, construction, enforcement and effect of this Contract shall be governed solely by the laws of the State of Wisconsin.

#### **21. TIMING**

Time is of the essence in this Contract.

#### **22. CERTIFICATION REGARDING DEBARMENT OR SUSPENSION**

Contractor certifies that neither Contractor or its principals; its subcontractors or their principals; the sub-recipients (if applicable) or their principals are suspended, debarred, proposed for debarment, voluntarily excluded from covered transactions, or otherwise disqualified by any federal department or agency from doing business with the Federal Government pursuant to Executive Orders 12549 and 12689. Contractor specifically covenants that neither the Contractor or its principals, its sub-contractors or their principals, or the sub-recipients (if applicable) or their principals are included on the Excluded Parties List System ("EPLS") maintained by the General Services Administration ("GSA").

#### **23. FORCE MAJEURE**

MPS will not be liable to pay Contractor for any work that the Contractor is unable to perform due to act of God, riot, war, civil unrest, flood, earthquake, outbreak of contagious disease or other cause beyond MPS' reasonable control (including any mechanical, electronic, or communications failure, but excluding failure caused by a party's financial condition or negligence).

#### **24. STUDENT DATA**

Contractor acknowledges that student data is protected by both federal and state law. *See* Wis. Stat. § 118.125; 20 U.S.C. § 1232g(b); 34 C.F.R. § 99.1 *et seq.* If MPS determines that Contractor has disclosed any student record information in violation of either federal or state law, without prejudice to any other rights or remedies the MPS may have, MPS shall be entitled to immediately terminate this and every other existing Contract without further liability. Moreover, MPS may bar Contractor from future MPS contracts for varying periods up to and including permanent debarment.

#### **25. NON-DISCLOSURE**

Absent prior written consent of the person listed in Section 3 or his/her designee, Contractor shall not: (1) disclose, publish, or disseminate any information, not a matter of public record, that is received by reason of this Contract, regardless of whether the Contractor is or is not under contract at the time of the disclosure; or (2) disclose, publish, or disseminate any information developed for MPS under this Contract. Contractor agrees to take all reasonable precautions to prevent any unauthorized use, disclosure, publication, or dissemination of the same information. All information and any derivatives thereof, whether created by MPS or Contractor under this Contract remains the property of MPS and no license or other rights to such information is granted or implied hereby. For purposes of this Contract, "derivatives" shall mean: (i) for copyrightable or copyrighted material, any translation, abridgment, revision, or other form in which an existing work may be recast, transformed, or adapted; and (ii) for patentable or patented material, any improvement thereon. Notwithstanding the foregoing, Contractor shall be permitted to retain its work papers relating to such services and to retain within such work papers such Confidential Information of the District as is necessary to substantiate the services, subject to the confidentiality obligations of this Contract.

Within ten business days of the earlier of receipt of MPS' written or oral request, or final payment, Contractor will return all documents, records, and copies thereof it obtained during the development of the work product covered by this Contract.

**26. MPS LOGO/PUBLICITY**

No Contractor shall use the MPS Logo in its literature or issue a press release about the subject of this Contract without prior written notice to and written approval of MPS' Director of Communication and Public Affairs.

**27. ORDER OF PRIORITY**

Should Contractor and MPS sign Contractor's Contract in addition to this Contract, the terms set forth in this Contract shall govern in the event of a conflict.

**28. PUBLIC RECORDS**

Both parties understand that the Board is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Contract are subject to and conditioned on the provisions of Wis. Stat. § 19.21, *et seq.* Contractor acknowledges that it is obligated to assist the Board in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Contract, and that the Contractor must defend and hold the Board harmless from liability under the law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Contract.

**29. STAFFING**

Contractor shall use the personnel identified in Exhibit A to perform services under this Contract. MPS reserves the right to request a substitution of personnel, *i.e.* project leader, auditor, staff, etc. In such event, Contractor shall substitute the personnel, who must have credentials similar to the person he/she is replacing, with no additional charges to MPS. Failure on the part of the Contractor to provide a substitute deemed suitable by MPS shall be cause for termination for cause of this Contract. Likewise, if Contractor finds it necessary to replace staff assigned to this Contract, MPS shall have the absolute right to approve of said substitute.

**30. HUB REQUIREMENT**

**The HUB requirement on this Contract is 20% per 12 month period.** The Student Employment requirement of this Contract is 0 hours. **The Student Education requirement for this Contract is 20 hours per 12 month period.** Failure to achieve these requirements may result in the application of some or all of the sanctions set forth in Administrative Policy 3.10, which is hereby incorporated by reference.

PR#: R258768  
Contract Number: CS005027  
Vendor Number: V006288

IN WITNESSES WHEREOF, the parties here to have executed this Contract on the day, month and year first above written.

CONTRACTOR (Vendor V006288)

By: [Signature]  
Baker Tilly Virchow Krause  
777 E. Wisconsin Ave., 32<sup>nd</sup> Floor  
Milwaukee, WI 53202-5313  
Date: 2/11/15  
Phone Number: (414) 777-5500  
SSN or EIN:  
Budget Code: SCF-0-0-CTG-DW-EAUS

MILWAUKEE BOARD OF SCHOOL DIRECTORS

By: [Signature]  
Kristin DeCato, Director Procurement and Risk Management  
Date: 2/16/15  
By: [Signature]  
Dorienne B. Driver Ed.D., Superintendent of Schools  
Date: 2/19/15  
By: [Signature]  
Michael Bonds, Ph.D., President  
Milwaukee Board of School Directors  
Date: 2-24-15

NOTE: BUDGET CODES THAT ARE NOT LOCAL SCHOOL BUDGET CODES, MUST BE APPROVED BY APPROPRIATE DEPARTMENT OR PROGRAM ADMINISTRATOR.

This Contract is not enforceable until signed by the Department of Finance. Payment will not be made on any Contract not on file in the Department of Finance. A minimum of fifteen business days is required for approval.

Reviewed by Division of Insurance and Risk Management

By: [Signature] Date: 2-27-15

Approved as to form and independent Contractor status by Department of Finance.  
By: [Signature] Date: 2-4-15

# Exhibit A

Efficient, effective audit solutions from  
experienced specialists who know your district

**RFP 861 - Milwaukee Public Schools**

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September 29, 2014

**Submitted by:**

Wendi Unger, Partner  
Baker Tilly Virchow Krause, LLP  
777 E Wisconsin Avenue, 32nd Floor  
Milwaukee, WI 53202  
414 777 5423 (direct)  
wendi.unger@bakertilly.com



**BAKER TILLY**

Candor. Insight. Results.



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414 777 5500  
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September 29, 2014

Milwaukee Public Schools  
Department of Procurement Services (Office of Finance)  
5225 W. Vliet Street, Room 160  
Milwaukee, WI 53208

To Whom It May Concern:

Baker Tilly Virchow Krause, LLP (Baker Tilly) is pleased for the opportunity to continue our relationship with Milwaukee Public Schools (MPS) by providing financial, A-133, parent consent, integration transfer program, membership, and benefit plan audit services for each of the years ending June 30, 2015, 2016, 2017, 2018, and 2019. Based on our experience providing MPS with these audit services since 2002, we have an in-depth understanding of the services required and the ability to perform the audits in an efficient and cost-effective manner.

Like many school districts, MPS has felt the impact of the recession and aid reductions. This has affected all aspects of your operations, services, and finances. Having worked closely with MPS and other Wisconsin school district clients who face the difficult decisions of maintaining services with lower revenues and applying surplus funds, our MPS engagement team will provide you relevant insights and knowledge-based solutions that deliver measureable value to your district.

### **Why choose Baker Tilly?**

Baker Tilly provides a distinct advantage over other firms as a result of our deep school district and government industry experience, our breadth of services, and our collaborative service approach. We are the firm best suited to serve MPS. Specifically, the key factors that differentiate us from other firms—and the benefits to be derived by MPS—include:

- **Significant school district and government industry expertise.** Baker Tilly recognizes the complexity of this environment, and, as a result, has a specialized and significant public sector industry practice. We currently work with 120 school districts, 93 colleges and universities, 180 municipalities, and nearly 300 public utilities. We have 120 professional staff who specialize in serving entities similar to MPS. This means that each member of our MPS engagement team brings excellent credentials in the areas most important to you.

September 29, 2014

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- > **A top ten firm, based on number of Single Audits.** Since the passage of the Single Audit Act, Baker Tilly has recognized the importance of specializing in this complex audit area. With an increasing focus on transparency and compliance, our experience means Baker Tilly is equipped to continue guiding MPS through the constantly changing Single Audit requirements. We also review proposed Single Audit changes annually to provide feedback on their impact, allowing us to provide MPS with timely and relevant information *before* the changes in regulations occur. *We currently perform more than 300 OMB Circular A-133 audits each year, ranking our firm in the top 10 nationally, based on number of audits.*
  
- > **Continuity of team.** Baker Tilly can continue providing MPS with staff continuity. With our team's turnover at 9.23 percent, as compared to an average of 15.1 percent among the top 100 accounting firms, we offer MPS a team that is likely to continue serving you for many years. We invest in our employees and are an employer of choice for talented, high-performing individuals. In fact, Baker Tilly has been consistently recognized as a top workplace, both at the local and national levels.
  
- > **Proactive communication.** Consistent communication will continue to be the core of our relationship with MPS, and our commitment to this principle extends beyond the engagement. We will proactively contact you throughout the year to share news and information. Our staff and partners will be available to you whenever needed and commit to responding to inquiries and concerns within 24 hours. Should issues arise, we will discuss them with you at an early stage, so you can expect high quality deliverables, free of surprises.
  
- > **FREE training webinars and informative email updates.** We frequently offer training webinars and send out email alerts and newsletters to deliver information on new standards and other timely topics that affect governmental entities. These webinars and emails are **FREE** of charge to our clients and are designed to keep you and your staff up-to-date.
  
- > **Excellent value for professional fees paid.** A service approach tailored to your school district allows us to offer quality service at a competitive price. Our local delivery model, low overhead, and technology-enabled audit services will continue ensuring that MPS will receive excellent value. Additionally, we provide a high level of partner and manager involvement on your engagement, translating into a well-managed, efficient relationship with experienced professionals who truly understand the intricacies of your operations.

September 29, 2014

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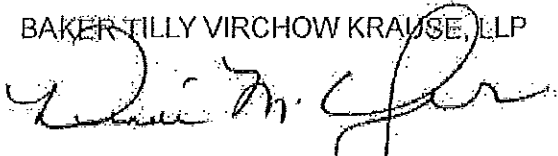
Baker Tilly's service approach emphasizes value beyond compliance services. We have included references and encourage you to speak with any of our clients listed to learn more about the value of their relationship with Baker Tilly.

Ultimately, we want to help you address your challenges, achieve your objectives, and make solid contributions to your success. We appreciate the opportunity to submit this proposal and welcome the opportunity to discuss any specific aspects.

Our proposal is based on the terms and conditions contained within the Request for Proposal (RFP) and our substantial experience serving MPS. We commit to performing the work within the required time period and our offer is firm and irrevocable for sixty days. If you have any questions regarding our proposal, or if you need any additional information, please feel free to connect with Wendi at 414 777 5423 or via email at wendi.unger@bakertilly.com. We recognize the trust you place in a service provider and look forward to continuing our successful relationship as your valued advisor.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

A handwritten signature in black ink, appearing to read "Wendi M. Unger", written over the printed name below.

Wendi M. Unger, CPA, Partner



## **Independence and license to practice in Wisconsin**

### **Independence**

MPS can rely on our independence, integrity, objectivity, and adherence to professional standards and applicable laws and regulations. This includes a demonstrated commitment to maintain and improve the quality of professional services and to withstand all pressures—competitive and other—to compromise on principles, standards, and quality.

Our goal in serving MPS is to provide service that meets our obligations to the public and conforms to the high standards of our profession. To meet this goal, we adhere to policies and procedures that provide reasonable assurance that every audit, tax, accounting, and management advisory services engagement will be completed in accordance with the high standards the public and our clients expect us to meet.

We have no knowledge of any business, investment, or family relationships with MPS, your agencies, officials, department heads, or other employees and personnel of our firm that would impair our independence as defined by the generally accepted auditing standards and Government Auditing Standards.

### **Relationship with MPS over the past five years**

Other than providing the audit services requested in this proposal, we have had no other relationship with MPS during the past five years.

### **License to practice in Wisconsin**

Baker Tilly is licensed and in good standing with the State of Wisconsin. All key employees assigned to your audit are properly licensed to practice in Wisconsin.



## Firm qualifications and experience

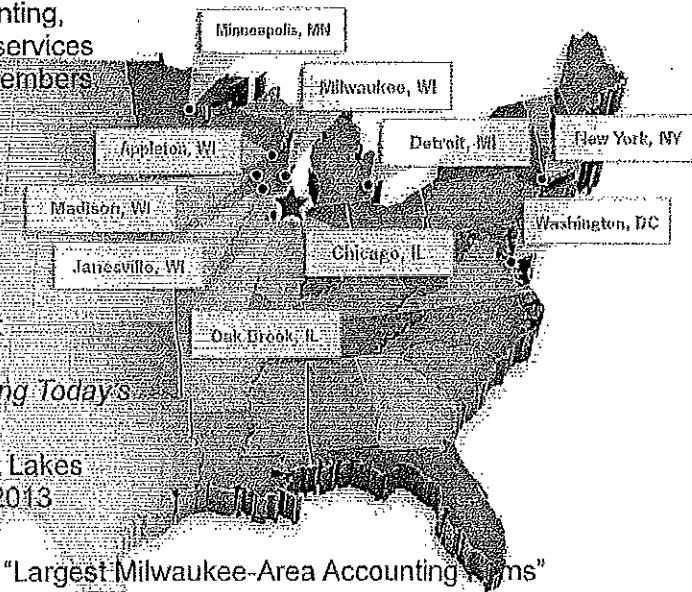
### About Baker Tilly

Baker Tilly was founded in 1931 with one central objective: to use our industry specialization to help our clients improve their organizations. Originally a regional certified public accounting firm, we have grown steadily, broadening our service offerings and expanding our presence to meet the evolving needs of our clients.

For more than 80 years, Baker Tilly has understood that our business demands absolute integrity. We value our client relationships and believe in the power of collaboration—working with each client to address their needs and goals.

Below are some key facts about Baker Tilly:

- > Provides a wide range of accounting, tax, assurance, and consulting services by more than 1,700 total staff members, including more than 800 CPAs and 197 partners.
- > Serves clients from offices in Wisconsin, Michigan, Illinois, Minnesota, New York, and Washington DC
- > Ranked as one of the 20 largest certified public accounting firms in the US according to *Accounting Today's* 2014 "Top 100" list
- > Second largest firm in the Great Lakes Region on *Accounting Today's* 2013 "Regional Leaders" list
- > Third on the *Business Journal's* "Largest Milwaukee-Area Accounting Firms" list (2014)
- > "Best Financial Services Firm," *Corporate Report Wisconsin* (2010)
- > One of the "Top Places to Work" according to *Milwaukee Journal Sentinel* (2011, 2012, 2013, 2014)





## **Firm qualifications and experience**

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### **Merger with ParenteBeard**

We are pleased to share that we recently announced the merger of Baker Tilly and ParenteBeard, with an anticipated effective date of October 1, 2014. Both firms are long-standing independent members of the Baker Tilly International network.

We are excited to bring a greater breadth and depth of solutions to our existing clients, such as MPS. The combined firm will be one of the 12 largest in the country, with \$475 million in annual revenue and approximately 2,500 employees in 29 US cities.

### **Public sector experience**

Baker Tilly has been providing services to governments, including school districts, for more than seventy-five years. Today we employ more than 120 professionals in our Public Sector Group, and we are one of the few CPA firms with a team dedicated to serving governmental clients. Because of this specialized focus, our staff understands the issues governments face and has the experience to find effective solutions.

Services provided to our school district and local governmental clients include accounting and auditing, operational reviews, consolidation and shared services studies, information systems analysis, and economic impact analysis, among others. Team members are available to consult with you daily throughout the year. Our clients are always welcome to consult with all levels of staff, as well as partners.

Our devotion to the public sector is illustrated by our commitment to inform and instruct our clients about important governmental issues. Annually, we speak at numerous accounting, financial, and management seminars and workshops in Wisconsin and throughout the nation.

Our employees work year-round in this highly technical area and do not work in other areas such as commercial audits or tax return preparation. Since the governmental environment is so complex, we have further specialized into separate teams within our Public Sector Group. Examples include teams that specialize in school districts, municipalities, counties, utilities and transit, single audits, and colleges and universities. This team approach allows us to broaden our knowledge and resources to provide our clients with the highest possible service.

### **Engagement team**

The seven supervisory team members assigned to your audit are full-time Baker Tilly staff who specialize in government accounting, auditing, and single audits. We will serve MPS from our Milwaukee location where we maintain more than 250 full-time professionals, including more than 20 who are dedicated to serving public sector clients. Should additional resources be required to serve your needs, we are able to draw upon the talent and expertise of our firm's more than 1,700 professionals.



## Firm qualifications and experience

### Peer review

Our most recent peer review was completed on September 26, 2012. Firms can receive one of three marks—*pass*, *pass with deficiencies*, or *fail*. Baker Tilly received a rating of *pass*, the highest mark possible. Below is a copy of this report.

WWW.MOSSADAMS.COM  
 577 Third Street, Suite 3000  
 Seattle, WA 98101  
 P 206.462.2500 F 206.462.2000  
 Account Auditing Division

**MOSS ADAMS**  
MEMBER OF BAKER TILLY

**SYSTEM REVIEW REPORT**

To the Partners of Baker Tilly Virchow Krause, LLP  
 and the AICPA National Peer Review Committee

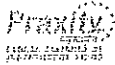
We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended March 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, and audits performed under PDICIA.

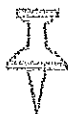
In our opinion, the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiencies* or *fail*. Baker Tilly Virchow Krause, LLP has received a peer review rating of *pass*.

*Moss Adams LLP*

September 26, 2012







## **Firm qualifications and experience**

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### **Federal or state desk or field reviews**

Our work is reviewed by various state and federal agencies periodically. In most cases, the review of our work results in no further action required on our part. Occasionally a federal agency may refer an engagement to the AICPA for additional consideration. While the review by the AICPA may result in some corrective action (primarily additional continuing education training), we have not been required to perform additional procedures or recall our reports. In the past three years, we have had twenty engagements reviewed by federal agencies. One review resulted in a referral to the AICPA for additional consideration and so far has not given a response.

### **Disciplinary actions**

Baker Tilly's auditing procedures and working papers are compliant with applicable AICPA, PCAOB, GAGAS, and SEC standards and federal and state laws as indicated elsewhere in this proposal. In the normal course of business, our work is evaluated through AICPA Peer Review, PCAOB inspections, and other regulatory oversight.

We are pleased to report that we have never had disciplinary action taken against us by state accountancy boards, the AICPA, the PCAOB, or other agencies.



In 2010, Baker Tilly Virchow Krause, LLP (the firm) voluntarily entered into a settlement Stipulation and Consent Order (the order) with the Minnesota Board of Accountancy (the Board). Pursuant to the order, without any trial or adjudication of the facts, the firm agreed that the firm permit would be censured and reprimanded. The Order was based upon a possible violation of the terms and conditions of the Agreement for Licensure with the Board. The matter related to use of the permitted name. In July of 2013, the Board voided the order based on recent legislation relating to the use of permitted names for accounting firms.



## Partner, supervisory, and staff qualifications and experience

### Dedicated service team

MPS seeks a dedicated engagement team with strong audit experience and a background serving school districts. Your Baker Tilly team meets these requirements, offering loyal, knowledgeable, and experienced professionals who can overcome challenges they may encounter during the engagement. Each member of your proposed engagement is licensed to practice as a certified public accountant in the State of Wisconsin.

Member	Name and role	Role
<b>Financial statement audit</b>		
	<b>Wendi M. Unger, CPA</b> Audit Partner	Wendi will serve as lead partner for the MPS financial audit. She will oversee the engagement, ensuring steps are well-planned and implemented and that deliverables are technically accurate and contain meaningful insights.
	<b>Carla Gogin, CPA</b> Concurring Reviewer	Carla will serve as the Concurring Reviewer for your financial audit engagement. In this advisory role, she will help ensure that quality, integrity, and satisfaction are maintained at all times during the engagement.

*"I have always enjoyed working with Wendi Unger. She's a great asset for your firm with her knowledge. In-Charge Michelle Walter also is a valuable asset with extensive knowledge and is great to work with!"*

– Survey response from a recent state and local government assurance engagement




## Partner, supervisory, and staff qualifications and experience

Member	Name and role	Role
	<b>Michelle Walter, CPA</b> In-charge/Manager	Michelle will handle the coordination of the audit services and be responsible for project management and communication between Baker Tilly and MPS. This allows for seamless communication during the engagement. She will oversee the Coleman and Williams personnel during the audit process.
<b>Benefit plan audit</b>		
	<b>Wayne Morgan, CPA</b> Benefit Plan Partner	Wayne will serve as lead partner for the MPS benefit plan audits. He will oversee the engagement, ensuring steps are well-planned and implemented and that deliverables are technically accurate and contain meaningful insights.
	<b>Steve Henke, CPA</b> Concurring Reviewer	Steve will serve as the Concurring Reviewer for your benefit plan audits. In this advisory role, he will help ensure that quality, integrity, and satisfaction are maintained at all times during the engagement.
	<b>Darlene Middleman, CPA</b> Senior Audit Manager	Darlene will handle the coordination of the benefit plan audit services and be responsible for project management and communication between Baker Tilly and MPS. This allows for seamless communication during the engagement.



## Partner, supervisory, and staff qualifications and experience

Member	Name and role	Role
	Jessica Jochman, CPA Audit Manager	Jessica will oversee all aspects of the benefit plan audit, including audit planning, fieldwork, and reporting. She will oversee the senior and staff accountants during the benefit plan audit process.

Resumes containing information on each Baker Tilly team member's government auditing experience, including continuing professional education for the past five years, begin on the following page.

Additionally, we have included resumes for William Coleman and Naushad Moolla of Coleman & Williams, our proposed MBE/DBE subcontractor for this engagement.

***"The team has always been very helpful. They are punctual, courteous, and knowledgeable. I know they will always give me the correct answer."***

– Survey response from a recent state and local government assurance engagement



## Partner, supervisory, and staff qualifications and experience

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**Wendi M. Unger, CPA**  
*Partner*

414 777 5423  
wendi.unger@bakertilly.com

Wendi Unger, Partner at Baker Tilly Virchow Krause, LLP, has been in the accounting industry since 1990. She is a member of the Public Sector team where she specializes in providing accounting, auditing, and consulting to school districts and other institutions.

### **Specific experience**

- > Manages and performs financial audits for the public sector including school districts
- > Provides accounting and budgeting assistance to school districts and municipalities
- > Manages and prepares single audits according to OMB Circular A-133 and State Single Audit Guidelines
- > Prepares and presents financial reports along with highlights and graphs
- > Helps entities interpret and implement Governmental Accounting Standards
- > Prepares annual regulatory reports for municipalities and educational institutions

### **Industry involvement**

- > Wisconsin Institute of Certified Public Accountants -- Chair of the School District Auditor Conference Committee
- > American Institute of Certified Public Accountants
- > Governmental Finance Officers Association
- > Wisconsin Government Finance Officers Association
- > Public Policy Forum Trustee
- > Wisconsin Municipal Clerks Association
- > Municipal Treasurers of Wisconsin

### **Education**

Marquette University  
Bachelor of Business Administration in Accounting



## Partner, supervisory, and staff qualifications and experience

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Wendi Unger  
Page 2

### **Relevant continuing education**

- > Numerous GASB Training Sessions
- > School District and Single Audit Review Sessions (federal and state)
- > WGFOA and GFOA Annual Update
- > Accounting and Auditing Updates



## Partner, supervisory, and staff qualifications and experience

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**Carla A. Gogin, CPA**  
*Partner*

608 240 2460  
carla.gogin@bakertilly.com

Carla Gogin, Partner with Baker Tilly Virchow Krause, LLP, is a member of the public sector practice group. She has been with the firm since 1993, serving the financial needs of state and local government clients and serving in various firm leadership roles. She has assisted many municipalities implement various Governmental Accounting Standards Board (GASB) pronouncements and to understand new auditing standards impacting the profession.

### Specific experience

- > Partner-in-charge of the financial audit engagements for numerous municipalities and counties
- > Partner-in-charge of single audits in accordance with OMB Circular A-133
- > Serves as the Assurance Quality Leader for the firm's state and local government industry; in this role, Carla is responsible for coordinating the annual firm-wide state and local government training, audit program updates, and implementation guidance on new GASB standards
- > Reviews and provides technical assistance to local governments in preparing Comprehensive Annual Financial Reports for the Government Finance Officers Association (GFOA) certificate program
- > Provides Tax Increment Financing (TIF) and Business Improvement District (BID) auditing, reporting, and consulting services
- > Provides a variety of accounting and budgeting assistance to municipalities
- > Chairs the Baker Tilly Public Sector Accounting and Auditing Committee, which is responsible for implementing new accounting and auditing standards
- > Member of Baker Tilly's Board of Partners Nominating Committee
- > Served as the Firm's Chief Risk Officer from 2006–2011
  - In this position, she was responsible for overseeing the firm's enterprise risk management initiatives, professional liability activities, regulatory compliance matters including independence, the firm's internal and external inspections, and internal policies and procedures to ensure quality service across all firm services lines



## Partner, supervisory, and staff qualifications and experience

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Carla Gogin

Page 2

### Specific experience (continued)

- > Served as the firm's partner-in-charge of quality from 2006–2008
  - In this position, she was responsible for the technical audit and accounting guidance for the firm's assurance practice
- > Licensed CPA in Wisconsin
- > Publications/contributions include:
  - 2013 AICPA State and Local Government Audit and Accounting Guide
  - 2013 AICPA State and Local Government Audit Risk Alert

### Industry involvement

- > American Institute of Certified Public Accountants (AICPA)
- > Government Finance Officers Association (GFOA)
- > GFOA Special Review Report Review Committee
- > Wisconsin Institute of Certified Public Accountants (WICPA)
- > Wisconsin Government Finance Officers Association (WGFOA)
- > Former Baker Tilly International North American Accounting and Auditing Committee Chair (2006–2009)
- > AICPA State and Local Government Expert Panel (2012–2014)
- > Speaks at national and regional industry conferences

### Education

University of Wisconsin–Madison  
Bachelor of Business Administration in Accounting

### Relevant continuing education

- > General Accepted Government Auditing Standards (Yellow Book) training
- > AICPA National Governmental conferences and training programs
- > AICPA Governmental Audit Quality Center (GAQC) annual updates
- > Accounting and auditing updates sponsored by Baker Tilly
- > Public sector single audit training sponsored by Baker Tilly
- > GASB seminars
- > "Assurance Risk" webinar (Baker Tilly)
- > "Designing Tailored Audit Approaches" (Baker Tilly)





## Partner, supervisory, and staff qualifications and experience

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**Michelle E. Walter, CPA**  
*Manager*

**414 777 5576**  
**michelle.walter@bakertilly.com**

Michelle Walter, Manager with Baker Tilly Virchow Krause, LLP has been with the firm since 2009. Michelle is a member of the State & Local Government team. She specializes in providing accounting, financial auditing and consulting to municipalities, counties, and educational institutions.

### **Specific experience**

- > Leads and assists with financial audits of governmental units including cities, towns, villages, counties, school districts and colleges.
- > Leads and assists with OMB Circular A-133 single audits of governmental units including cities, towns, villages, and counties
- > Leads and assists with evaluations of internal controls
- > Prepares financial and state reports for governmental entities
- > Performs compliance and financial audits of Tax Incremental Financing Districts
- > Assists in client engagements from start to finish; including planning, directing and completing audits, while managing time budgets and ensuring client satisfaction
- > Communicates with clients to gather information, resolve audit related questions, and make recommendations for business and process improvements
- > Assists clients with implementation of standards of the Governmental Accounting Standards Board (GASB)

### **Education**

University of Wisconsin--La Crosse  
Bachelor of Science in Accounting

### **Relevant continuing education**

- > Audit Watch
- > A-133 Single Audit Training Sessions
- > WICPA Annual School District Training Seminars
- > Baker Tilly Municipal Training Seminars
- > Baker Tilly Accounting & Auditing Updates



## Partner, supervisory, and staff qualifications and experience

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**Wayne T. Morgan, CPA**  
*Partner*

**414 777 5400**  
**wayne.morgan@bakertilly.com**

Wayne Morgan, Partner with Baker Tilly Virchow Krause, LLP, has been with the firm since 1998. He began his accounting career in 1983 and currently specializes in accounting and management services for wholesale/distribution and large retail groups.

### **Specific experience**

- > Manages team members supporting services to wholesale/distribution and large retail clients
- > Plans, conducts, supervises, and reviews certified audits of various commercial entities and employee benefit plans
- > Consults with clients regarding the selection and implementation of accounting and financial reporting systems
- > Plans, conducts, supervises, and reviews various non-traditional attest services
- > Leads business and tax consulting initiatives related to mergers and acquisitions of entities, with a concentration in distribution/retail industries
- > Regional leader in firm-wide recruiting and employee retention initiatives
- > Regional leader for risk and audit compliance

### **Industry involvement**

- > American Institute of Certified Public Accountants
- > Wisconsin Institute of Certified Public Accountants

### **Education**

University of Wisconsin–Eau Claire  
Bachelor of Business Administration in Accounting

### **Relevant continuing education**

- > Advanced employee benefit plan audit training
- > Accounting and assurance updates
- > Partner retreat



## Partner, supervisory, and staff qualifications and experience

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**Steven J. Henke, CPA**  
*Senior Manager*

**414 777 5342**  
**steven.henke@bakertilly.com**

Steve Henke has been in the accounting industry since 1981. A Senior Manager in the Public Sector State and Local Government Practice Group of Baker Tilly Virchow Krause, LLP, he has extensive experience in providing accounting, auditing, and consulting services to public sector entities.

### **Specific experience**

- > Manages financial audits of cities, villages, towns, counties, school districts, and technical colleges
- > Assists clients with implementation of new accounting and reporting standards issued by the Government Accounting Standards Board
- > Manages single audits in accordance with OMB Circular A-133 and State Single Audit Guidelines
- > Reviews and provides guidance for Comprehensive Annual Financial Reports which have been awarded a Certificate of Achievement for Excellence in Financial Reporting
- > Develops formal budget procedures, prepares annual budgets, and designs and implements financial systems
- > Provides tax incremental financing (TIF) compliance audits
- > Reviews annual regulatory reports for public sector entities
- > Serves on the Baker Tilly Public Sector Accounting and Auditing Committee

### **Industry involvement**

- > American Institute of Certified Public Accountants
- > Wisconsin Institute of Certified Public Accountants (WICPA)
- > Government Finance Officers Association (GFOA) and Certificate of Achievement Special Review Committee
- > Wisconsin Government Finance Officers Association (WGFOA)
- > Association of Government Accountants
- > WICPA Government Accounting Task Force



## Partner, supervisory, and staff qualifications and experience

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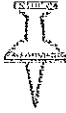
Steve Henke  
Page 2

### **Education**

University of Wisconsin–Oshkosh  
Bachelor of Business Administration in Accounting

### **Relevant continuing education**

- > Numerous GFOA Annual Updates
- > Baker Tilly Accounting and Auditing Updates
- > Baker Tilly Single Audit Training
- > Numerous Single Audit Training Sessions
- > Numerous WGFOA Conferences
- > WICPA School District Auditor Workshop
- > Ethics and Independence
- > Baker Tilly Governmental Training Seminars



## Partner, supervisory, and staff qualifications and experience

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**Darlene A. Middleman, CPA**  
*Manager*

414 777 5352  
darlene.middleman@bakertilly.com

Darlene Middleman, Manager with Baker Tilly Virchow Krause, LLP, has been with the firm since 1997. She specializes in performing attest services for commercial, wholesale / distribution, and hospitality clients.

### **Specific experience**

- > Plans, supervises, and performs audit, review, and compilation engagements
- > Manages and performs the audits of defined contribution plans and defined benefit plans
- > Provides operational and functional guidance to clients, assisting them with an array of business issues
- > Leads engagement teams to effectively deliver quality service and products to clients from the planning stages through delivery and completion
- > Focuses primarily on closely-held businesses

### **Industry involvement**

- > Wisconsin Institute of Certified Public Accountants
- > American Institute of Certified Public Accountants

### **Education**

Upper Iowa University  
Bachelor of Business Administration in Accounting

### **Relevant continuing education**

- > Defined benefit plan actuarial issues
- > Revenue recognition
- > Accounting and assurance updates
- > GASB Nos. 67 and 68
- > New GASB Pension Standards
- > Year-end government and not-for-profit update



## Partner, supervisory, and staff qualifications and experience

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**Jessica L. Jochman, CPA**  
*Manager*

**414 777 5508**  
**jessica.jochman@bakertilly.com**

Jessica Jochman, Manager in the Commercial Services Group, has been with Baker Tilly Virchow Krause, LLP since 2005. She previously served as an intern for the firm in 2004. Jessica provides attest and tax services to restaurant, manufacturing, wholesale, and other commercial and hospitality clients. She also provides assistance with benefit plan audits as well as some internal control testing related to Sarbanes-Oxley acts.

### **Specific experience**

- > Prepares and organizes business and individual tax returns
- > Participates in the attestation of client financial statements
- > Serves in the attestation of employee benefit plans
- > Maintains client's fixed assets in depreciation software

### **Education**

University of Wisconsin–Whitewater  
Bachelor of Business Administration in Accounting  
Masters in Professional Accountancy

### **Continuing education**

- > Accounting and assurance updates
- > Revenue recognition
- > GASB Nos. 67 and 68
- > Public sector accounting and auditing update
- > Advanced employee benefit plan audit training
- > Retirement plan investment



## **Partner, supervisory, and staff qualifications and experience**

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### **William Coleman**

*President, Coleman & Williams, LTD.*

William B. Coleman is currently the President of Coleman & Williams, Ltd. a CPA and professional services firm he founded in 1990. Bill Coleman has been in the accounting, audit and consulting professions since 1984. As President, Bill Coleman oversees the administration and operations the firm.

Coleman & Williams Ltd provides audit and accounting services to Federal, State and Local Governments, as well as Non Profits, Employee Benefit Plans and Commercial entities.

### **Specific experience**

- Quality Control Partner of the firm. Ensures that all engagements meet required professional standards.
- Partner-in-charge of accounting and financial auditing services for numerous local governments, not-for-profits and schools.
- Partner-in-charge of single audits and compliance audits for numerous local governments, not-for-profits and schools.
- Partner-in-charge of Agreed Upon Procedures engagements including Green Energy Programs, Environmental Protection Agency assurances, Federal Transit Authority compliance requirements and Wisconsin Department of Instruction compliance requirements
- Served for eight years as Partner-In-Charge of a contractor Management Training Program funded by the Wisconsin Department of Transportation. Responsibilities included assessment of training needs, curriculum development, trainer development and orientation, and delivery several training modules
- Lead trainer of a financial management training team for Corporation for National and Community Service's training and technical assistance in financial management. Providing T/TA in financial management for state commissions, national directs, and sub-grantees. Duties include preparing training materials, performing research on a variety of federal financial regulatory matters and preparing reports and recommendations on requests identified by the states or the Corporation
- Partner-in-charge of a consulting engagement to provide return on investments analysis for a W2 agency to measure the impact of federal and state dollars expended in the region by using several models of return of investment
- Partner-in-Charge of several internal audit engagements for a TANF agency.
- Partner-in-Charge of a conflict interest compliance audit for a health care fiscal intermediary
- Professional Standards Partner for all the indirect cost audits performed for the largest public Waste Treatment Operation.



## Partner, supervisory, and staff qualifications and experience

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William Coleman

Page 2

### Specific experience (continued)

- > Professional Standards Partner for the audit of the Tax Incremental Financing Districts of the City of Milwaukee.
- > Managed the evaluation of the Minority Business Demonstration and Training Program (MBSTP) for a large municipality.
- > Managed the implementation of the Single Audit Concept of the largest department within the county in the State of Wisconsin. Program expenditure volume totaled \$500,000,000 with over 50 different grants.

### Professional and civic affiliations

- > National Association of Black Accountants, Inc.
- > American Institute of Certified Public Accountants
- > Government Finance Officers Association
- > Wisconsin Institute of Certified Public Accountants
- > Iowa Society of Certified Public Accountants
- > Piney Woods School
- > Wisconsin Women's Business Initiative - Board Chair,
- > Froedtert Hospital Foundation, Inc. - Treasurer for 8 years,
- > Rotary Club of Milwaukee - Board member and Treasurer,
- > The Planning Council of SE Wisconsin - Board member and Treasurer
- > Wisconsin World Affairs Council, Inc. - Board member and Treasurer
- > Feeding America of SE Wisconsin - Board member and Treasurer
- > Board member and also the founder and President of the Cardinal Dery Foundation, Inc.

### Education

De Paul University, Graduate School of Business  
MBA, Finance

De Paul University, School of Accountancy  
BSC, Accounting





## Partner, supervisory, and staff qualifications and experience

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### **Naushad Moolla**

*Associate Partner, Coleman & Williams, LTD.*

### **Specific experience**

- > The County of Milwaukee is the largest county in Wisconsin. The County provides services to its population of over 950,000 and has an annual budget in excess of \$1 billion. Coleman & Williams, Ltd. partners with Baker Tilly Virchow Krause LLP to audit the financial statements of the County. Coleman & Williams has served as auditors of the single audit of the Federal and State Awards received by Milwaukee County since 1997. Mr. Moolla has served in various capacities since 1997 on the following engagements:
  - Engagement partner on the OMB A-133 audit of Milwaukee County. The audit is conducted in accordance with GAAS, OMB Circular A-133 and GAS.
  - Partner on Section 15 agreed upon procedures for the Milwaukee County Transit System. Responsibilities include audit planning and supervision and workpaper review. The engagements are conducted in accordance AICPA Standards for Attestation Engagements.
  - Partner on Passenger Facility Charge (PFC) revenue report audits for General Mitchell International Airport. The audits are conducted in accordance with GAAS, Government Audit Standards, and the Federal Aviation Administration compliance requirements for PFC reports.
- > Partner on a compliance audit of Disproportionate Share Hospital payments (DSH) from Wisconsin Medicaid program to 27 hospitals qualified to receive those payments, in Wisconsin, Minnesota and Illinois. The audit was conducted in accordance with Generally Accepted Auditing Standards; Government Audit Standards ("Yellow Book") and all Centers of Medicare and Medicaid (CMS) requirements, including those specified in 42 CFR 455.304 "Condition for Federal Financial Participation".
- > Engagement partner on audits of two local-government districts. The audits are conducted in accordance with GAS, OMB Circular A-133 and the State Single Audit Guide.
  - Milwaukee Area Technical College
  - Wisconsin Center District
- > Engagement partner on audit for Milwaukee World Festival, Inc. (Summerfest – The largest music festival the world). The audit is conducted in accordance with GAAS.
- > Engagement partner on the compliance and financial statement audits of various not-for-profit agencies accordance with GAAS, OMB Circular A-133 and GAS, including:
  - Legal Action of Wisconsin, Inc.
  - Neighborhood House of Milwaukee, Inc.
  - Walkers Point Youth and Family Center, Inc.



## Partner, supervisory, and staff qualifications and experience

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Naushad Moolla

Page 2

### Specific experience (continued)

- > Partner on audits of defined benefit plans, defined contribution plans [401(k) and 403 (b)] and health and welfare plans, for the respective plans' filing Form 5500 with the Department of Labor. Collective plan assets approximate \$10 billion. The audits are conducted in accordance with U.S. auditing standards generally accepted in the United States of America and in compliance with the Department of Labor's Rules and Regulations for Reporting and disclosures under the Employee Retirement Income Securities Act of 1974, for the following in clients:
  - Johnson Controls, Inc.
  - Alliant Energy Corporation
  - Marquette University
  - Miller Brewing Company
  - Empire Level Manufacturing
  - Milwaukee World Festival, Inc.
  - Milwaukee Health Services, Inc.
- > Partner on audits of defined contribution plans conducted in accordance with Public Company Accounting Oversight Board (PCAOB) Auditing Standards and in compliance with the Department of Labor's Rules and Regulations for Reporting and disclosures under the Employee Retirement Income Securities Act of 1974, for Johnson Controls, Inc. The audit reports were filed on Form 11k with the Securities and Exchange Commission.
- > We Energies operates the "Energy for Tomorrow" program which is a renewable energy program whereby We Energies electric customers in Wisconsin and Michigan are offered a tariffed rate rider. The tariffs are regulated by the public service commission in the state where they receive service. The Green-e® Energy Program has certified that The Energy for Tomorrow program meets the minimum environmental and consumer protection standards established by the non-profit Center for Resource Solutions. Mr. Moolla serves as partner on the annual agreed-upon procedures engagement performed in accordance with standards established by the American Institute of Certified Public Accountants.

### Education

University of Phoenix  
Master of Business Administration (MBA) – Accounting

University of Natal, Pietermaritzburg, South Africa  
Bachelor of Commerce



## Partner, supervisory, and staff qualifications and experience

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### Staff continuity

Our unique corporate culture has attracted the best and the brightest professionals from top colleges and universities, industries, and national accounting firms. They come to Baker Tilly to work in an environment that emphasizes the importance of relationships and a desire to become our client's Valued Business Advisor.

We invest significantly in our employees, because we know that happy employees create and sustain satisfied clients. To attract people who are at the top of their profession, we offer a variety of benefits to our employees, including: flexible scheduling, attractive benefit plans, and other special perks. To retain our employees, we promote a culture that encourages creativity, continuous learning, respect, employee appreciation, and—above all—a positive attitude. We keep turnover low—and engagement teams intact—by striving to be an employer of choice for talented, committed individuals.

Our low turnover rate means we offer a team that is likely to serve you for years. Our clients appreciate getting to know the Baker Tilly employees they work with year after year, and that they do not have to constantly educate new personnel. Our high level of continuity translates into people who understand your organization and are in position to offer you meaningful opinions, advice, and insight. If an employee on your team leaves Baker Tilly, the size of our practice will enable us to quickly deploy a replacement with a comparable level of experience, minimizing disruption to your engagement. We will not change audit team members without receiving MPS' prior consent.

### Employee satisfaction fosters team continuity

Baker Tilly serves clients nationwide from offices throughout in the Midwest, Washington, DC, and New York. We strive to keep our employees satisfied with their Baker Tilly employment. Our success is evidenced by the many awards our offices receive. In 2012 and 2013 our firm was honored by several national and local organizations, including:

- > *Milwaukee Journal Sentinel* "Top Workplaces" 2014
- > National Top Workplaces "Top 150"
- > *Accounting Today* "Best Accounting Firms to Work for"
- > MOVE Project "2013 Best Firm"
- > VAULT "Accounting 50"



Our team's fiscal year **2014 Wisconsin turnover was 9.23 percent.** According to *Inside Public Accounting*, **the national average is 15.1 percent** for the top 100 CPA firms in the US.



## Similar engagements with other school districts

### Similar engagements with other school districts

We serve more than 20 Wisconsin school districts, providing us with the expertise necessary to perform an effective and efficient audit for MPS. Below we have provided the name, contact information, date, scope of work, partner, and total hours for several of our significant engagements. These clients may also be contacted as references.

#### Contact information

##### Johnson Creek School District

Dr. Michael P. Garvey, District  
Administrator  
920.699.2811

- > **Service:** Financial audit services for six years
- > **Partner:** Wendi Unger
- > **Hours:** Approximately 140 hours annually

##### Auburndale School District

Mr. Charles Payant, District  
Administrator  
715.652.2117

- > **Service:** Financial and A-133 audit services for two years
- > **Partner:** Wendi Unger
- > **Hours:** Approximately 185 hours annually

##### Middleton Cross Plains Area School District

Ms. Lori Ames, Fiscal Services  
Manager  
608.829.9052

- > **Service:** New client 2013 financial and A-133 audit service client in the last year
- > **Partner:** Wendi Unger
- > **Hours:** Approximately 200 hours annually

##### Menomonee Falls School District

Mr. Jeffrey Gross, Business Manager  
262.255.8440

- > **Service:** Financial and A-133 audit services for more than fifteen years
- > **Partner:** Wendi Unger
- > **Hours:** Approximately 235 hours annually



## Specific audit approach

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### Our response to your needs

We will perform an audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, collectively comprising the district's basic financial statements to determine that the financial statements fairly present the financial position and results of financial operation in accordance with accounting principles generally accepted in the United States of America and the standards for financial audits contained in the *Government Auditing Standards*.

- > We express an opinion on the basic financial statements and accept "in relation to" responsibility for the supplemental data
- > If any issues arise which would cause a modification of our opinion, we will bring the matter your attention before finalization of the report to determine whether the problem leading to such qualification or disclaimer can be resolved
- > We express an opinion on the major federal and major state programs' compliance with *OMB Circular A-133; Audits of States, Local Governments, and Non-Profit Organizations*; and *the State Single Audit Guidelines*
- > In accordance with United States of America auditing standards, our audit will include a review of your accounting procedures and internal accounting controls to ensure that MPS has effective controls over revenues, expenditures, assets, and liabilities
- > We commence our examination at the time requested in your RFP
- > We request assistance from your personnel in locating documents, providing answers to various inquiries, and providing supporting documents to substantiate our audit procedures
- > We guarantee that all audit work is performed and/or supervised and reviewed by employees of Baker Tilly
- > Upon completion of the audit, we provide you with all audit adjustments including appropriate back-up documentation and we meet with your designated personnel to discuss these final adjustments before they are made
- > We conduct an exit conference with MPS' management
- > We are prepared to present the audited financial statements to the Board of School Directors and the accountability/finance and personnel committee
- > All members of the audit team will be available year-round to answer questions as they arise

***"We have been spoiled a little bit with having Wendi Unger working on our audit. Not only is she extremely knowledgeable, she is friendly and courteous. She takes pride in her work and is willing to explain and expand upon any issue of concern. Thank you Baker Tilly and thank you Wendi!!"***

– Survey response from a recent state and local government assurance engagement



## Specific audit approach

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### Audit methodology

#### Phase 1: Planning

During this phase, we will establish a proper basis for the audit to maximize audit effectiveness and minimize audit costs. This phase will commence with discussions between Baker Tilly and MPS. This meeting is important to ensure a coordinated audit and will cover the following topics:

- > Initial audit concerns
- > Our preliminary plan for conducting the audit to meet your timing requirements
- > Management suggestions for areas requiring special attention or emphasis
- > Reporting issues

In developing our work plan, we will use MPS' budget, organizational chart, manuals, and other financial or management information systems as necessary to properly plan our audit.

Analytical review procedures performed during planning include examination of ratios, trends, budget comparisons, and other available data. These focus subsequent audit procedures on critical areas. We expect to perform the following tests:

- > Compare financial statement amounts for the current year with those of the previous year
- > Compare current year actual amounts with budgeted amounts

Planning also incorporates review, evaluation, and documentation of your internal controls structure including a review of the general and specific controls within the data processing function. The final step of the planning phase is developing a tailored audit program to fit your district.

#### Phase 2: Year-end audit work

This phase commences when MPS has prepared a trial balance of your year-end general ledger accounts of the various funds and completed the workpapers agreed upon during planning. This involves testing compliance with laws and regulations and the performance of substantive procedures. Substantive tests provide reasonable assurance of the validity of account balances produced by the accounting system. These tests involve obtaining or examining evidence to verify the propriety of such balances. This phase includes submission of required reports to the Department of Public Instruction.



## Specific audit approach

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### Phase 3: Reporting

The final phase involves reviewing financial statements and supplementary data, as well as a report on compliance and internal controls over financial reporting. Our report states that our audit was made in accordance with generally accepted auditing standards and government auditing standards. We will also provide a letter to MPS covering significant deficiencies or material weaknesses related to the internal controls structure, if any, and other matters as appropriate.

### Audit segmentation

We have identified the following general work segments for the audit of your district. These segments, along with the anticipated procedures for each, are described below:

#### Segment 1: Engagement planning and administration

- > Staff involved: Partners, managers, seniors, staff, and clerical
  - Obtain signed engagement letters, complete independence procedures
  - Update memorandum regarding your district's overall operations for permanent file records
  - Complete staffing and scheduling summary
  - Hold planning conference among engagement partner and in-charge auditors for SAS No. 99 and other planning purposes
  - Hold pre-audit, entrance, and progress conferences with MPS personnel
  - Update all documents and information required for permanent file
  - Hold SAS 99 interviews with selected MPS employees
  - Read minutes of Board of School Directors meetings
  - Review and evaluate internal controls (includes completion of internal control questionnaires, flowcharts, and other documentation and statistical testing of revenue, expenditure, and payroll systems, as necessary)
  - Develop and approve audit programs
  - Accumulate any control deficiencies and non-material instances of noncompliance to be included in management letter, draft letter, and meet with your district
  - Manager level review of workpapers for completeness
  - Undergo partner level workpaper reviews and independent reviews
  - Hold exit conference with your key personnel and Board of School Directors
  - Read and evaluate internal audit reports completed during fiscal year

*"I have always had a very good working relationship with everyone involved with our audits and this year was no different. They are well informed, professional, helpful, and personable. Thanks for a job well done."*

– Survey response from a recent state and local government assurance engagement



## Specific audit approach

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### Segment 2: Cash and investment

- > Staff involved: Partners, managers, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Review ledger account entries, compare cash account balances
  - Confirm selected year-end account balances with depositories and reconciliations to amounts on MPS' records
  - Obtain bank reconciliations and substantiate reconciling items
  - Substantiate cash cut-offs in all departments, interbank transfers, and petty cash balances
  - Test investment transactions, test interest earned, and trace to receipts and ledger accounts; confirm investment balances
  - Test market values for applicable investments
  - Review valuation techniques required by GASB standards
  - Audit footnote disclosures for compliance with GASB standards

### Segment 3: Revenue

- > Staff involved: Partners, managers, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Perform validation procedures:
    - » Confirmation / validation of due from other funds or governments
    - » Confirmation and reconciliation of state and federal aids
    - » Reconcile other revenues to claims and invoices filed

### Segment 4: Expenditure

- > Staff involved: Partners, managers, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Compare expenditures to prior years and budgeted amounts
  - Account analysis of significant variations
  - Perform analytic procedures and testing on payroll expenses and related benefits, including compensated absences, retirement, insurance, payroll taxes, etc.
  - Review vouchers payable listings as of June 30, determine proper cut-offs, and review for unrecorded liabilities
  - Verify vested vacation and sick pay liabilities
  - Determine appropriateness of other liability accounts including accrued payrolls and related withholdings, deferred revenues, and deposits





## Specific audit approach

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### Segment 5: Property

- > Staff involved: Partners, manager, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Obtain capitalization policy for capital assets
  - Obtain summary schedules of capital assets including additions, retirements, and accumulated depreciation
  - Test capital asset additions and deletions
  - Test capital asset depreciation calculations

### Segment 6: Financing

- > Staff involved: Partners, managers, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Verify bond and note balances owed, obtain information on new issues, if any, trace transactions to general ledger, and re-compute interest paid/expense
  - Obtain external confirmations on selected debt issues
  - SWAP evaluations and confirmation
  - Review compliance with loan covenants including restricted assets, debt coverage, and reporting requirements
  - Review arbitrage and annual debt disclosure compliance
  - Determine nature and appropriateness of other equity balances and classification

### Segment 7: Financial reporting

- > Staff involved: Partners, managers, seniors, and staff
  - Review internal control systems and consider impact of results on segment work program
  - Ascertain that items of audit significance contained in the minutes have been considered and cross-referenced to the working papers
  - Obtain a working trial balance
  - Prepare and discuss with management proposed adjusting entries and obtain adjusted trial balance
  - Review management discussion and analysis (MD&A), letter of transmittal and statistical information
  - Perform subsequent events review to date of completion of report
  - Obtain management and attorney representation letters
  - Prepare required reports



## Specific audit approach

### Segment 8: Compliance

- > Staff involved: Partners, managers, seniors, and staff
  - Tests of compliance with laws and regulations affecting the audits
  - Tests of compliance for major federal and major state single audit requirements

### Segment hours by staff level

Estimates of the time requirements for the 2015 audit to be provided by staff level follow:

Services	Partner	Manager	Staff	Total
Engagement planning and administration	50	50	25	125
Cash and investments	8	15	15	38
Revenues	8	20	20	48
Expenditures	8	20	20	48
Property	10	30	15	55
Financing	11	30	15	56
Financial reporting	25	45	70	70
Compliance	45	100	355	500
Pension	15	100	195	310
Internal controls	20	60	70	150
<b>Total</b>	<b>200</b>	<b>470</b>	<b>730</b>	<b>1,400</b>



## Specific audit approach

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### Sampling approach

We plan to use audit sampling throughout many phases of our audit since we believe it allows us to perform an audit that is more cost-beneficial to our clients. We have identified four types of sampling tests that may be used on your audit, including:

- > Substantive tests of balance sheet accounts details
- > Substantive tests of transactions details
- > Tests of internal controls
- > Tests of compliance with laws and regulations

After we have documented MPS' internal control structure, we will make decisions on the internal control procedures we intend to test. We will set parameters regarding the expected error rate, audit risk, and tolerable error rate to determine the sample size we will generate. We expect to perform these procedures in these areas:

- > Cash disbursements / expenditures
- > Payroll

We will also use audit sampling to perform expenditure and payroll tests required for federal and major state programs. To the extent we have selected federal and major state program transactions to test as part of the financial audit as described previously, we will also test these items for compliance with laws and regulations. Our approach will be to use triple-purpose tests to the maximum amount practical on the audit. We anticipate sample sizes within the following ranges:

Test of controls	Sample ranges
Cash receipts / revenues	25 - 60
Cash disbursements / payroll	25 - 60



## Specific audit approach

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### **Use of electronic data processing software**

We approach computer auditing in two distinct phases: the system review and computer assisted audit procedures (CAAPs). The first activity represents the basis for our evaluation of internal controls in a computer environment. Our understanding of your electronic data processing (EDP) organization and system can assist management in evaluating the effectiveness and efficiency of program operations. Our approach to computer auditing enables our auditors to identify information regarding the strengths and weaknesses of various systems. We use this information to design our audit program.

Audit work activities associated with the system review include:

#### **1. Gather EDP background information:**

- Data processing organization and staffing
- Equipment configuration
- Operating system and software
- Present and planned application system
- Documentation requirements
- The nature and extent of EDP planning activities

#### **2. Identify and evaluate general EDP controls:**

- Existence and compliance with organizational and operational standards
- Program and data backup procedures
- Controls over scheduling, processing, and access
- Procedures to regulate systems development and maintenance
- Evaluation of any weaknesses identified during the review of EDP organization, operations, and system development

#### **3. Identification and evaluation of individual application controls:**

- Transaction flow through the application system from initial entry to summarization and inclusion in the financial records
- Accounting controls that parallel the transaction flow
- Evaluation of the identified controls environment to determine the timing and extent of our audit procedures

The second activity included in our computer audit permits the use of information gathered during the system review to enhance the efficiency and effectiveness of our audit procedures.



## Specific audit approach

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We use computerized random number generators to select a statistically proper sample from your transactions so that proper conclusions are drawn from our testing efforts.

We also use accounting software to assist auditors in determining the extent of detailed account analysis needed. By entering data from your budget reports into our program, analytical analysis of account relationships helps us concentrate efforts on the accounts most relevant to the audit.

Additionally, we have specialists within our firm who have extensive information technology consulting experience. We plan to utilize these specialists in evaluating your information technology controls under the current audit risk standards.

### Analytical procedures

During preparation for final audit, we arrange confirmations and identify outstanding potential problems. We request information such as charts of accounts, insurance coverage, significant contracts, and other matters of interest. Our firm uses CaseWare audit management and reporting software.

In the final audit procedures, the exact activities in this phase depend upon the results of the test plan. In general, this phase includes:

- > Document review
- > Test expenditures and revenue items for propriety and compliance with the stated internal controls

Sample sizes depend on our evaluation of controls and the transaction population, but typically range from 25-60 items. With "good" internal control evaluation results and initial sample results that support our evaluation, further tests may proceed as follows:

- > **Expenditures** – Analytical review of account balances to identify accounts for further testing of all expenditures over a specified amount. Also tested are fund reasonableness, account classification, and certain bidding procedures.
- > **Revenues** – Substantive tests of Real Estate Taxes, State Aid, and Federal Aid; substantive analytic reviews over most other revenues



## Specific audit approach

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### Understanding your internal controls

Our audit process stresses the importance of evaluating internal controls, especially under the risk assessment standards. Years ago, auditors understood the internal controls only to design audit procedures. Under the audit risk assessment standards, we perform a thorough evaluation of the effectiveness of these controls in order to perform risk assessments and design a risk-based audit program.

During our preliminary work, we will update our understanding of your internal controls and evaluate and test them over the significant accounting and reporting systems of MPS. These evaluations will enable us to determine how much reliance we can place upon the systems for audit purposes and the amount of systems testing and account verification work that may be required.

In addition, all significant suggestions, questions, or other comments resulting from these evaluations will be discussed with appropriate personnel.

After we have evaluated the internal controls, we will test the flow of data through the systems to determine:

- > Whether or not the data actually follows the prescribed procedures and controls within the system
- > The degree of clerical accuracy achieved in recording and summarizing the data

### Documenting your internal controls

- > Understand MPS' control environment and corporate governance
- > Understand MPS' financial statement assertions and the financial reporting processes and sub processes
- > Rationalize control activities that serve as a measurement of the control objectives
- > Evaluate and document, for each of the financial processes and the related technology, related risks, control objectives, and control activities
- > Assess control objectives, activities, and design effectiveness and the initial assessment of the design of internal controls over financial reporting
- > Review the documentation plan and the process with MPS management and external auditors to obtain agreement



## Similar engagements with other school districts

### Contact information

#### Delevan-Darien School District

Mr. Mark Powell, Business Manager  
262.728.2642

Service: Financial and A-133 audit services for fifteen years.

Partner: Wendi Unger

Hours: Approximately 210 hours annually

### Benefit plan references

In addition to the school district audit clients/references included on the previous page, Baker Tilly's benefit plan audit team serves several large Wisconsin government clients. We have included two government pension plan clients as references below.

### Contact information

#### Milwaukee County

Employees' Retirement System of the County of Milwaukee  
Marian Ninneman, ERS Manager  
414.278.4966

#### City of Milwaukee

Employees' Retirement System of the City of Milwaukee  
Jerry Allen, Executive Director  
414.286.5454



## Specific audit approach

### Scope of work

Baker Tilly intends to meet all timelines and requirements stated in your Request for Proposal (RFP). As part of your financial audit we will prepare, communicate, and perform the following:

- > Department of Public Instructions Forms PI-1506AC and PI-1506FB internet filings and audit statements
- > Independent Auditors' Report on financial statements
- > Independent Auditors' Report on Compliance and Internal controls in accordance with *Government Auditing Standards*
- > OMB Circular A-133 and State Single Audit Guidelines Auditors' Report applicable to major federal and major state programs
- > Current Year Findings and Questioned Costs
- > Status of Prior Year Findings and Questioned Costs
- > Communications to those charged with governance and management
- > Student Activity Funds Audit Report
- > Parent consent, integration transfer program, and membership audit reports, as appropriate
- > Irregularities and illegal acts parties stated in RFP

*"Wendi and the team are always a pleasure to work with. They meet or exceed all delivery deadlines and quickly respond to any questions that we may have."*

– Survey response from a recent state and local government assurance engagement





## Specific audit approach

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### **Laws and regulations affecting the audit**

MPS may be required to have a Single Audit if it expends \$750,000 or more of federal funds. The audit scope regarding compliance with laws and regulations is substantially broader than a standard audit conducted according to generally accepted auditing standards. We have developed our own approach to satisfy both the Single Audit and GAAS requirements:

### **Audit conducted according to GAAS requirements**

Over the years, we have gained substantial knowledge of the laws and regulations that affect government accounting, budgeting, financing, and reporting. With this knowledge, we developed our audit work program. The work program covers the following:

- > Authorization of depositories and types of allowable investments
- > Arbitrage compliance and rebate requirements
- > Budgeting procedures and reporting requirements
- > Restrictions on expenditures and matching requirements

Additionally, we will obtain information from the management of your district on other significant laws and regulations that could materially affect the basic financial statements in the event of noncompliance.

### **Future single audit changes from OMB Grant Reform**

In December 2013, the Office of Management and Budget (OMB) issued comprehensive grant reform rules related to the administration, cost principles, and audit requirements of federal awards.

Some of the most significant changes to the administrative requirements include a heightened focus on program performance results, use of technology, standardization of grant documents, and coordinated oversight. The cost principles consolidation includes changes to the definitions of direct and indirect costs, a provision for a de minimis indirect rate of 10%, changes to payroll time and effort reporting requirements, and some changes to the allowability of selected items of cost. The reform raises the threshold for a single audit to \$750,000, and also includes some changes to program risk assessments, audit coverage, and reporting of findings.

The changes in audit requirements will take effect beginning with years ending December 31, 2015. However, grant recipients will need to implement the changes to the administrative requirements and cost principles for all federal awards after December 26, 2014. Baker Tilly has been evaluating the impact of these changes and working with state and national organizations to help educate our clients to prepare for a smooth implementation.



## Specific audit approach

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### **Audit conducted according to Single Audit Requirements and GAO standards**

These standards require that we perform additional tests in order to provide reasonable assurance that federal and state financial assistance programs are compliant with laws and regulations governing those programs. We will test selected major federal and major state programs.

As a practical matter, most of the significant laws and regulations that affect your single audit programs can be found in OMB's "Compliance Supplement" or the *State Single Audit Guidelines*.

For any major federal or major state program not listed in the "Compliance Supplement" or the *State Single Audit Guidelines*, we will determine the significant compliance requirements by reviewing applicable statutes, grant agreements, and policy manuals. We will also contact cognizant federal and / or state agencies for technical assistance.

### **Compliance tests**

The Single Audit Act requires that we test for compliance with laws and regulations that could have a material effect on the allowability of program expenditures. Therefore, we will test financial transactions and specific program requirements.

Once we have determined which federal and / or state programs are major, we will develop the approach to test a specific program. We understand that certain programs incur administrative costs; consisting primarily of salaries, wages, and fringe benefits. For these programs we will randomly select a representative sample of payroll costs to test. Our sample will be derived from the personnel assigned to that particular program.

Other programs may not have substantial personnel costs. Those programs involve the purchasing of goods or services from outside sources including vendors and not-for-profit agencies. Our approach to these programs is to select a representative sample of charges to that program from MPS' transaction history reports.

For programs involving significant personnel costs and costs from outside sources, our approach is a combination of the procedures identified above.

Since we are also testing for compliance with administrative laws and regulations, we will be testing representative samples from selected major programs. Most of our testing will involve the eligibility of persons assisted by that program.

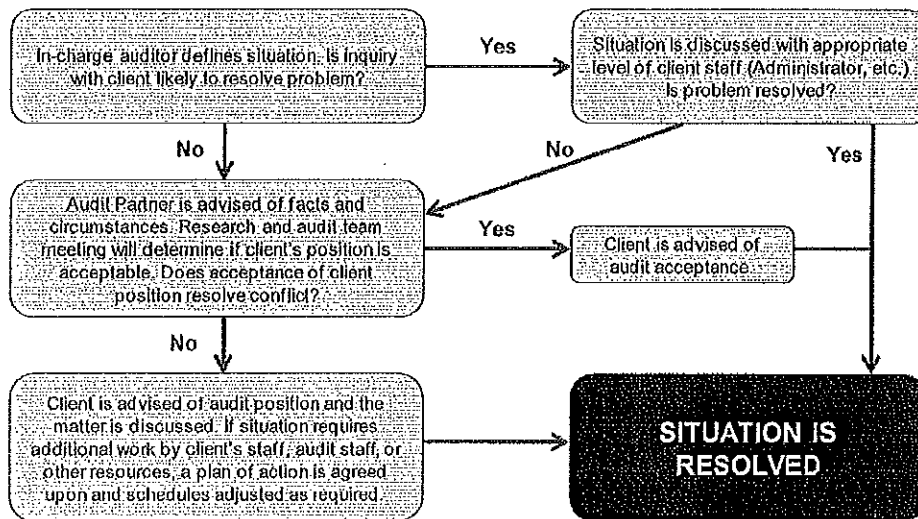


## Potential audit problems

### Identification of anticipated potential audit problems

We will regularly communicate any new developments in auditing and accounting standards throughout the year, not just at the time of the audit. Information needed to address your technical matters will be addressed promptly, typically at the time any new accounting pronouncement rules are adopted, providing you with prompt responses to any matters affecting you.

While we do not anticipate any potential audit problems, should issues arise during the course of our work we will take the following approach:





## Additional information

### The Baker Tilly difference is the client experience

Accounting firms are not all the same. While similarities exist, Baker Tilly breaks away from the pack when it comes to connecting with clients to truly understand what is important to you.

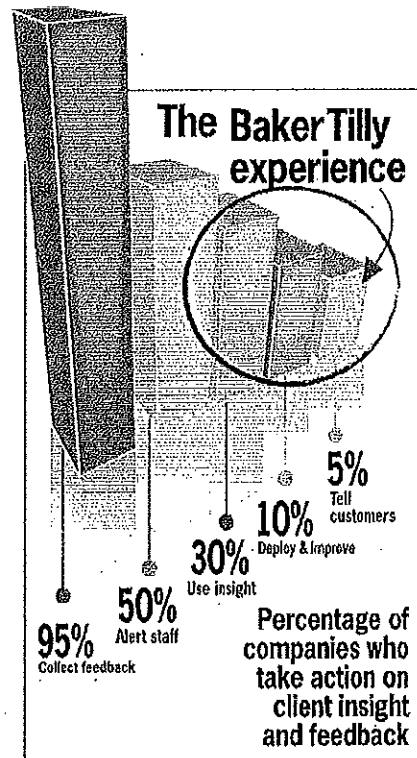
Clients choose and stay with Baker Tilly because they know we are passionate about delivering Exceptional Client Service. According to the Corporate Executive Board, 95 percent of companies may collect feedback about their level of service and expertise, less than half use it to improve the way they do business, and just 5 percent actually talk with their clients and take action to make things better. We are one of the rare 5 percent where talk triggers action.

### A client-centric way of doing business

Your definition of "client satisfaction" is the only definition that matters. We ask. We listen. From staff accountant to managing partner, we are focused on understanding your needs. Through knowledge-sharing and open discussions, you will experience the value of working with a team of professionals that is focused on you and your success—a team that dedicates itself to:

- > Proactively identifying and meeting the needs of clients by fostering an atmosphere of service and respect
- > Providing value in ways that increase client satisfaction and loyalty
- > Taking responsibility for developing and sustaining productive client relationships
- > Consistently applying the characteristics of the Baker Tilly client service model to everything we do

Above all, it means we are continually working to improve the client experience.





## Additional information

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### The client voice leads our service model

Our dedicated Client Services Director conducts satisfaction assessments through a mix of direct telephone calls, client visits, and web-based client satisfaction surveys. Firm leaders, including Chief Executive Officer (CEO) and Chairman Tim Christen, also get involved, meeting with a sampling of clients each year. During this assessment process, we verify that we are delivering on the promises made during the proposal process and that your needs and expectations are being met as defined during the client service planning phase of the engagement. Action, in the form of involvement and follow-up by firm leaders and team leaders, is a critical element of our approach to addressing concerns that may exist.

This client feedback is formally documented and then shared with the engagement team and respective managing partner. Our CEO, executive managing partners, managing partners, and team leaders receive a monthly report of their team's client satisfaction results. These results factor into partner and manager performance management. We take action based on the comments and suggestions we receive.

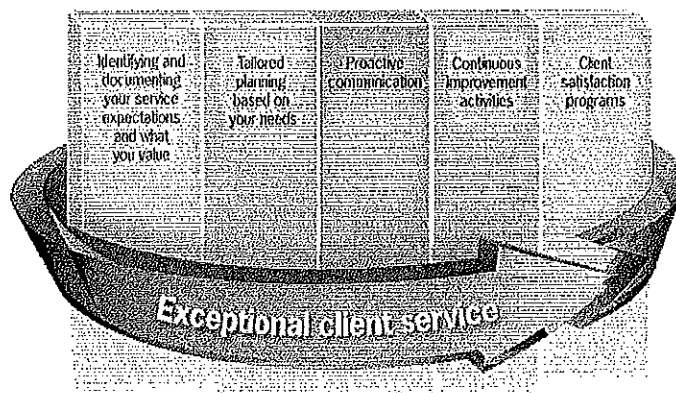
We ask clients to rate their satisfaction levels on a 1 to 10 scale (10 being highest). ***In the 12 months ended August 31, 2014, 79 percent of responding clients gave us 9 or 10.*** On average, clients who gave us a score of less than or equal to 7, gave us nearly two points higher the next time they were surveyed due to specific actions taken to improve the client service experience. One such client, a Vice President of Finance, provided the following comment, "You asked. I told you, and you did something about it. And I really respect that."

### The client service plan—it is all about you (and we would not do it any other way)

A critical component of our engagement planning process is the development of a client service plan that defines our service delivery to MPS. We work with you to build the exact level of detail you desire to provide comfort that your needs are truly understood.

We utilize a web-based system to house and track these planning commitments. This enables seamless access by all members of the engagement team whether they are in audit, tax, consulting, or specialty services.

When we give our word regarding transition, process efficiency, accountability, timing, seamless delivery, and quality, this tool helps make sure we deliver on our promises.





## **Additional information**

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### **Training webinars**

We proudly offer training webinars to our clients. New standards are issued on a regular basis by standard setting bodies. To better prepare our school district clients for the changes resulting from these standards, we offer monthly webinars. These webinars are **FREE** to our clients and qualify for CPE. Recent webinars include:

- GASB Changes on the Horizon
- Auditing 101
- Enhancing Your Revenue Streams
- Succession Planning
- Understanding Your Financial Statements
- The Ups and Downs of Rightsizing
- Update on GASB No. 51
- Fraud in Governments

All webinars are archived and can be viewed at any time on our website at [bakertilly.com](http://bakertilly.com).

### **Additional service capabilities**

Baker Tilly is more than just an audit firm. We go beyond the role of the traditional financial auditor. Having the Baker Tilly resources available gives MPS the opportunity to effectively handle future needs as they arise. The costs of these services vary based upon your needs and can be negotiated prior to engagement acceptance. Our consulting services are provided only when GAO standards permit.

### **Operational improvements**

- Risk assessments of specific district functions
- Business office studies
- Benchmarking
- Asset and risk management
- Facility management
- In-depth internal control structure reviews
- Health care and other insurance cost evaluations
- Budget preparation and presentations
- Financial planning
- Financial projections
- Cost center evaluations
- Strategic planning



## **Additional information**

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### **Special education services**

- > **Caseload surveys:** We conduct surveys to measure actual caseloads, ideal caseloads, utilization of supporting staff (i.e. psychologists, social workers, etc.), and to quantify actual hours worked in specified areas such as staffing meetings, reporting requirements, etc.
- > **Survey analysis:** We provide detailed findings on groupings of survey responses and deliver report to special education administration.

### **Construction cost review**

- > Construction contracting strategy development
- > Contractor bid review
- > Construction project controls design and implementation
- > Construction project accounting
- > Risk matrix and mitigation strategy development
- > Controls and contract compliance testing
- > Construction cost analysis

### **Business function support**

- > Accounting assistance on a temporary basis providing skilled people at all levels to support your accounting department during the absence of key employees
- > Computer consulting
- > EDP installations
- > Fixed asset reconciliations
- > Hardware and software evaluation and acquisition
- > Monthly financial reporting
- > Payroll preparation

### **Customer service**

- > Presentations to citizens

### **Protection**

- > Computer system in-depth control reviews
- > Forensic services and fraud detection
- > Manual preparation, accounting, and personnel



## **Additional information**

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### **Funding**

- > Bond consulting and verification
- > Cash flow projections
- > Escrow verifications
- > Levy preparation

### **Operational compliance**

- > 403(b) and 457 plan reviews
- > Analysis of monitoring system of compliance with federal laws and regulations
- > COBRA review
- > Continuing disclosure requirements
- > Payroll tax returns
- > Pension and cafeteria plan tax return preparation





MILWAUKEE PUBLIC SCHOOLS

REQUEST FOR PROPOSAL: RFP 861 for Audit Services

This request for proposal including Exhibits A1-AS consists of 19 pages beginning with this one.

Milwaukee Public Schools ("MPS") is soliciting competitive sealed proposals from licensed certified public accountant firms to audit its financial statements for the fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019, complying with all terms and conditions described in this document.

Proposals will be accepted no later than 2:00p.m. central time, September 29, 2014. Proposals received after this time will not be accepted. See 3.3 Submission of the Response.

Mark all documents RFP 861. Mail or deliver all proposals and accessory documents to:

MILWAUKEE PUBLIC SCHOOLS
DEPT. OF PROCUREMENT SERVICES (Office of Finance)
5225 WEST VLIET STREET, ROOM 160
MILWAUKEE WI 53208

Proposals must be manually signed on this MPS form in the space provided below.

Please submit 10 sets of your proposal. Clearly mark the original copy as "ORIGINAL" on the cover.

I have read the terms and conditions of this RFP and submit for consideration the attached proposal and exhibits, if any.

The fees and costs in this proposal have been arrived at independently, and have not been divulged, discussed, or compared with the proposals of other respondents. No attempt has been made nor will be made to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

I acknowledge I have read and understand the HUB participation requirement, and that any proposed HUB participation is binding, real, and substantial as defined in Section 1.3.

I acknowledge that there is no conflict of interest as defined in the Terms and Conditions for Request for Proposals found at http://www.milwaukee.k12.wi.us (click on Vendors, then click on Terms and Conditions) unless otherwise expressly disclosed by attachment to this page.

By signing below, Proposer agrees to the Terms and Conditions for Request for Proposals found at http://www.milwaukee.k12.wi.us which are herein expressly incorporated by reference.

Baker Tilly Virchow Krause, LLP
Company Name

414 777 5423
Company Telephone Number

777 E. Wisconsin Ave., 32nd Floor
Company Address

414 777 5555
Company Fax Number

Milwaukee, WI 53202
City, State, Zip Code

wendi.unger@bakertilly.com
Email Address

Wendi M. Unger, Partner
Authorized Signer's Full Name and Title

[Signature] September 29, 2014
Authorized Signatures Date

39-0859910
Federal Tax ID Number

APPENDIX A

HUB Utilization Plan

The prime vendor should use this form when there is a HUB participation requirement. The form documents how the HUB requirement will be met and will become a binding part of the contract. If you are a prime vendor who is also a HUB vendor and will be providing services to meet a HUB participation requirement, you must fill this section out. Prime HUBs must identify the actual percentage of service/product they will provide. Only the percentage of service/product actually provided by the HUB prime will count toward HUB participation.

If you are a prime vendor who is not a HUB, list any contractors or vendors you will employ or partner with to fulfill the HUB requirement.

THIS SECTION MUST BE FILLED IN COMPLETELY. FAILURE TO LIST ALL HUB CONTRACTORS OR VENDORS MAY RESULT IN YOUR RESPONSE BEING DECLARED INVALID AND REMOVED FROM CONSIDERATION. IDENTIFICATION OF A HUB FIRM HERE INFERS PRIME HAS SPOKEN WITH HUB VENDOR AND BOTH ARE IN AGREEMENT WITH CONTINGENT COSTS AND SERVICES LISTED BELOW:

GIVE THE FOLLOWING INFORMATION FOR EACH HUB VENDOR. ATTACH ADDITIONAL SHEETS IF REQUIRED.

COMPANY NAME: Coleman and Williams

ADDRESS: 7127 N. Green Bay Ave, Milwaukee, WI 53209

PHONE #: 414 278 0170 EMAIL: wbc@candwmlw.com

CONTACT PERSON: William Coleman

PLEASE LIST TYPE OF WORK TO BE PERFORMED, WHICH MUST BE COMMERCIALY USEFUL TO THE SCOPE OF SERVICES OF THE RFP.

IS THIS A CERTIFIED FIRM? X Yes No (Include a copy of the current certification with your response)

CHECK WHICH TYPE OF FIRM: MBE, WBE, X EBE, X DBE, SBA-8A OR OTHER

DOLLAR AMOUNT OF HUB PARTICIPATION: \$ TBD

PERCENT OF BID: 20 % Total HUB participation must be equal or greater than 7 %

- 1. List the name, address, telephone number for the contact person of all HUB firms contacted to meet the HUB goals, excluding those listed above. Baker Tilly did not contact any firms other than Coleman and Williams.
2. Please indicate any problems you had in meeting the HUB requirement for this RFP. Did you contact CCS during preparation of this RFP? Baker Tilly has worked with Coleman and Williams on the MPS audit engagement for several years and had no problems in meeting the HUB requirements for this RFP.





## Required forms

### Coleman and Williams' MBE certification

The below information is provided by the Wisconsin Department of Administration showing details on Coleman and Williams' MBE certification status. This also includes the NAICS code information.

**Business Overview for Coleman & Williams, Ltd.**

Contact: William E. Coleman  
Address: 7127 K Green Bay Ave  
Madison, 53209  
County: DANA  
Business Phone: (608)276-2170  
Business Fax: (608)276-1169  
Email: [wec@coandw.com](mailto:wec@coandw.com)  
Website: [www.coandw.com](http://www.coandw.com)

**Certifications**

Certification Type	Expiration Date
MBE	12/31/2014

**NAICS Codes**

Code	Description
91016	Architectural Consulting
81220	Business Consulting, Small
81228	Computer Hardware Consulting
91035	Disadvantage Business Enterprise (DBE) and Historically Underutilized Business (HUB) Consulting Including Technical Assistance
81079	Minority and Small Business Consulting
81010	Accounting and Billing Services (including Payroll Services)
81020	Auditing
81021	Certified Public Accountant (CPA) Services

**NAICS Codes**

Code	Description
81221	Offices of Certified Public Accountants
81011	Administrative Management and General Management Consulting Services

Prime Vendor Information Sheet

This form should be filled out by the PRIME vendor with prime vendor company information regardless of whether there is a HUB participation requirement listed.

Prime HUBs must identify the actual percentage of service/product they will provide. Only that percentage of service/product actually provided by the HUB prime will count toward HUB participation.

You are also encouraged to fill out additional forms for each of your subcontractors. The information in this appendix will be used for statistical reporting purposes only.

Are you a certified MBE firm?  YES  NO N/A  
Certifying Agency \_\_\_\_\_

Are you a certified M/WBE firm?  YES  NO N/A  
Certifying Agency \_\_\_\_\_

Are you a certified WBE firm?  YES  NO N/A  
Certifying Agency \_\_\_\_\_

Are you a certified SBA-8A, EBE, DBE firm?  YES  NO N/A  
Certifying Agency \_\_\_\_\_

Total number of all employees within your company: 1,705

Number of minority employees within your company: 181

Number of women employees within your company: 823

1. Please include a copy of each firm's [prime and subcontractor] Affirmative Action Statement.  
We have included a copy of our Affirmative Action Statement on the following page.
2. Please provide the following information for each individual assigned as a team member on the MPS project (both prime vendor team and subcontractor team): Name, project assignment, ethnicity, gender, resident (r) or non-resident (nr) of Milwaukee, and hours/percent of project dollars.

<u>Name of Team Member</u>	<u>Project Assignment</u>	<u>Ethnicity</u>	<u>M/F</u>	<u>Resident/ Non-resident</u>	<u>% of Project Dollars</u>
Wendi Unger	Audit Partner	Caucasian	F	NR	
Carla Gogin	Concurring Reviewer	Caucasian	F	NR	
Michelle Walter	In-charge/Manager	Caucasian	F	NR	
Wayne Morgan	Benefit Plan Partner	Caucasian	M	NR	
Steve Henke	Concurring Reviewer	Caucasian	M	NR	
Darlene Middleman	Senior Audit Manager	Caucasian	F	NR	
Jessica Jochman	Audit Manager	Caucasian	F	NR	



## Required forms

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### **Affirmative action policy**

Baker Tilly commits to extend job opportunities equally to all individuals based on their possession of necessary and essential skills.

It is the policy of Baker Tilly to effect all personnel transactions without discrimination and to ensure equal treatment of employees or applicants for employment regardless of age, race, religion, color, handicap, sex, physical condition, national origin, or other prohibited basis. This provision includes, but is not limited to, recruitment, employment, promotion, demotion, transfer, compensation, training, and selection for partnership.

**APPENDIX B**

**Prime Vendor Information Sheet**

This form should be filled out by the PRIME vendor with prime vendor company information regardless of whether there is a HUB participation requirement listed.

Prime HUBs must identify the actual percentage of service/product they will provide. Only that percentage of service/product actually provided by the HUB prime will count toward HUB participation.

You are also encouraged to fill out additional forms for each of your subcontractors. The information in this appendix will be used for statistical reporting purposes only.

Are you a certified MBE firm?  YES  NO State of Wisconsin - Bureau of Minority Business Development  
Certifying Agency

Are you a certified M/WBE firm?  YES  NO N/A  
Certifying Agency

Are you a certified WBE firm?  YES  NO N/A  
Certifying Agency

Are you a certified SBA-8A, EBE, DBE firm?  YES  NO City of Milwaukee - Emerging Business Enterprise Program  
Certifying Agency

Total number of all employees within your company: 17

Number of minority employees within your company: 14

Number of women employees within your company: 7

- Please include a copy of each firm's [prime and subcontractor] Affirmative Action Statement.  
A copy of Coleman & Williams' Affirmative Action Statement is included on the following page.
- Please provide the following information for each individual assigned as a team member on the MPS project (both prime vendor team and subcontractor team): Name, project assignment, ethnicity, gender, resident (r) or non-resident (nr) of Milwaukee, and hours/percent of project dollars.

<u>Name of Team Member</u>	<u>Project Assignment</u>	<u>Ethnicity</u>	<u>M/F</u>	<u>Resident/ Non-resident</u>	<u>% of Project Dollars</u>
William Coleman	Auditor	African-American	M	NR	
Naushad Moolla	Auditor	East Indian	M	NR	



## Required forms

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### **Coleman & Williams affirmative action statement**

Coleman & Williams is committed to fully complying with applicable disability discrimination laws. The firm believes that all persons are entitled to equal employment opportunity, and does not discriminate against its members or applicants because of race, color, religion, gender, sexual orientation, marital status, national origin, citizenship, veteran status, age, physical disability, genetic defects or any other consideration made unlawful by applicable federal, state or local laws. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, job assignments, scheduling, benefits, wage and salary administration, upgrading, training, promotion, transfer, disciplinary action, layoff, recall and termination.

The Firm will provide reasonable accommodations for all qualified disabled applicants for employment or members upon request, so long as the potential accommodation does not create an undue hardship on the firm. Any applicant or member who requires an accommodation in order to perform the essential functions of a job should follow the instructions in the Open Door Policy.

If you believe that you have been subjected to any form of unlawful discrimination, report the facts of the incident(s), names of the individuals involved, and the names of any witnesses as advised in the above Open Door Policy. The firm will promptly and thoroughly investigate all claims of discrimination and insure that appropriate action will be taken. Any member found to have engaged in any form of unlawful discrimination would be subject to disciplinary action up to and including termination. The firm will also take action to deter any future discrimination. The firm's determination and related firm action will be communicated to the reporting member.

No action will be taken against any member in any manner for reporting or opposing any form of unlawful discrimination harassment.





**MILWAUKEE  
PUBLIC SCHOOLS**

**SCHEDULE H1-B  
Student Career Awareness/Education Plan/Commitment**

Project/Contractor Information

Baker Tilly Virchow Krause, LLP      Various/RFP 861      10  
CONTRACTOR COMPANY NAME      MPS SITE/PROJECT NAME      NUMBER OF  
REQUIRED HOURS

Name of Education Liaison Contact

Wendi Unger      414 777 5423      414 777 5555      wendi.unger@bakertilly.com  
CONTACT PERSON      PHONE      FAX      E-MAIL

Place an "X" below to indicate how you plan to fulfill your career awareness/education requirement. This is a ten (10) hr. requirement unless otherwise listed in the project specifications. Preparation time of two (2) hours is allowed. Career awareness/education hours are counted by company, not by number of presenters. Interviews with students for fulfillment of student employment requirements and conversations with CCS personnel are not counted toward education activities.

- Classroom skill development/project activity
- Student group tours/observations – job site
- Contractor provided option (Please provide description.)
- Classroom panel presentation/demonstration
- Classroom presentation – industry awareness

Provide a detailed description of your career awareness/education plans for this project.

Tours and activities at Baker Tilly Virchow Krause, LLP during annual Spend-A-Day program  
Plan to make classroom presentations and answer questions regarding accounting profession  
Plan a presentation regarding industry awareness

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I hereby declare and affirm that I, Wendi Unger      Partner  
NAME      TITLE  
am a duly authorized representative of Baker Tilly Virchow Krause, LLP  
COMPANY NAME  
located in Wisconsin      Milwaukee      Milwaukee  
STATE      COUNTY      CITY

and that I have personally reviewed the material and facts describing our proposal regarding student career awareness/education. I agree to participate in an orientation and provide the experience(s) contained herein.

Wendi Unger      Partner      September 29, 2014  
SIGNATURE OF AUTHORIZED COMPANY OFFICER      TITLE      DATE

\_\_\_\_\_  
SIGNATURE OF CCS REPRESENTATIVE      TITLE      DATE



**MILWAUKEE  
PUBLIC SCHOOLS**

*Exhibit B*

**REQUEST FOR PROPOSAL: RFP 861 for Audit Services**

This request for proposal including Exhibits A1-A5 consists of 19 pages beginning with this one.

Milwaukee Public Schools ("MPS") is soliciting competitive sealed proposals from licensed certified public accountant firms to audit its financial statements for the fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019, complying with all terms and conditions described in this document.

Proposals will be accepted no later than **2:00 p.m. central time, September 29, 2014**. Proposals received after this time will not be accepted. See *3.3 Submission of the Response*.

Mark all documents **RFP 861**. Mail or deliver all proposals and accessory documents to:

MILWAUKEE PUBLIC SCHOOLS  
DEPT. OF PROCUREMENT SERVICES (Office of Finance)  
5225 WEST VLIET STREET, ROOM 160  
MILWAUKEE WI 53208

Proposals must be manually signed on this MPS form in the space provided below.

Please submit **10** sets of your proposal. Clearly mark the original copy as "**ORIGINAL**" on the cover.

I have read the terms and conditions of this RFP and submit for consideration the attached proposal and exhibits, if any.

The fees and costs in this proposal have been arrived at independently, and have not been divulged, discussed, or compared with the proposals of other respondents. No attempt has been made nor will be made to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

I acknowledge I have read and understand the HUB participation requirement, and that any proposed HUB participation is binding, real, and substantial as defined in Section 1.3.

I acknowledge that there is no conflict of interest as defined in the Terms and Conditions for Request for Proposals found at <http://www.milwaukee.k12.wi.us> (click on Vendors, then click on Terms and Conditions) unless otherwise expressly disclosed by attachment to this page.

By signing below, Proposer agrees to the Terms and Conditions for Request for Proposals found at <http://www.milwaukee.k12.wi.us> which are herein expressly incorporated by reference.

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

\_\_\_\_\_  
Company Telephone Number

\_\_\_\_\_  
Company Address

\_\_\_\_\_  
Company Fax Number

\_\_\_\_\_  
City, State, Zip Code

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

\_\_\_\_\_  
Authorized Signer's Full Name and Title

\_\_\_\_\_  
Authorized Signature                      Date

\_\_\_\_\_  
Federal Tax ID Number

## 1.0 REQUEST FOR PROPOSAL OVERVIEW

Project Name: Audit Services  
RFP Number: RFP 861  
RFP Release Date: September 3, 2014  
RFP Due Date: September 29, 2014

### 1.1 Definitions

Contractor means each successful respondent awarded a contract.

CCS means Contract Compliance Services

District means the Milwaukee Public Schools.

HUB ("Historically Underutilized Business") means a for-profit business that is 51% or more owned, controlled, and managed by CERTIFIED minority, women, disadvantaged, emerging, SBA-8A or other MPS-targeted business owners who have been certified as such by an MPS-recognized agency.

MPS means the Milwaukee Public Schools.

Proposer/vendor/respondent means a firm submitting a response to this RFP.

RFP means Request for Proposal.

Student Engagement means a method of further educating MPS students through required MPS contractor involvement in career education and employment opportunities for students.

### 1.2 Nature of Services Required

#### A. Scope of Work to be Performed

An engagement to conduct an examination of the basic financial statements including both the government-wide and Fund financial statements of the school district for fiscal years ended June 30, 2015, 2016 and 2017, with two additional years possible, 2018 and 2019.

The auditor will express an opinion on the fair presentation of its financial statements in conformity with accounting principles generally accepted in the United States of America for the fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019.

The financial and compliance audit will involve all the Milwaukee Public School District funds and accounts. The auditor is required to analyze and apply audit procedures to the supplementary information in order to comply with reporting requirements as prescribed by Wisconsin Department of Public Instruction and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration.

A membership audit of the third Friday of September and the second Friday in January Membership Reports, if required by the Department of Public Instruction.

Provide unlimited consultation during the year as requested.

#### B. Auditing Standards

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the *Government Auditing Standards*, issued by the Comptroller General of the United States; *Office of Management and Budget (OMB) Circular A-133, OMB "Supercircular or Omni Circular"*; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

#### C. Reports

The auditor shall submit to the Milwaukee Board of School Directors the following reports, with copies of each for transmittal to the Department of Public Instruction and other agencies as required:

1. Department of Public Instruction form PI 1506 AC internet filing and audit statements, and form PI 1506FB and Special Education-No Valid License Worksheet.
2. Independent Auditors Report on financial statements of the governmental activities, each major fund, and the aggregate remaining fund information
3. Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
4. Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133* and the *State Single Audit Guidelines*
5. Schedule of Findings and Questioned Costs
6. Summary Schedule of Prior Year Findings
7. An audit of two defined benefit supplemental pension plans sponsored by and administered by the district conducted in accordance with generally accepted auditing standards for the purpose of expressing an opinion with respect to the district's financial statements. Plan funds are held in trust and invested by a subsidiary of the custodial Trustee, BMO Harris Bank, and with the State of Wisconsin Investment Board.
8. A management letter, with appropriate recommendations, commenting on material weaknesses in internal accounting control, reportable conditions, and identifying possible noncompliance with finance related legal provisions
9. State Aid Membership audit reports as required by the Department of Public Instruction
10. Audit of the Integration Transfer Program membership counts (Chapter 220 audit). The audit will be conducted in accordance with *Government Auditing Standards* and with procedures developed by DPI.
11. Audit of parent consent for transportation sufficient to comply with Wisconsin Department of Instruction requirements.
12. A review of the district's Comprehensive Annual Financial Report (CAFR) when finalized, but prior to publishing, sufficient to assure accuracy in replication of the audit report and all supplemental schedules.
13. Assist the district in obtaining Government Finance Officers Association (GFOA) certification for the district's Comprehensive Annual Financial Report (CAFR).
14. Irregularities and illegal acts. Auditors are required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
  - a. Superintendent of Schools
  - b. Chief Financial Officer
  - c. Comptroller
  - d. Board President

In the required report(s) on internal controls, the auditor shall communicate any significant deficiencies or material weaknesses found during the audit. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Control deficiencies not considered to be material weaknesses or significant deficiencies shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls or communicated to management verbally during the audit.

The report on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

A minimum of twenty-five (25) bound paper copies of each audit report is required as well as an electronic copy in PDF format.

#### D. Working Paper Retention and access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Milwaukee Public School District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

Milwaukee Public School District

Wisconsin Department of Public Instruction

U.S. Government Accountability Office (GAO)

Parties designated by the federal or state governments or by the Milwaukee Public School District as part of an audit quality review process audit

In addition, the firm shall respond to the reasonable inquiries of successor Auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

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

In addition to time requirements established by the Department of Public Instruction, the following conditions shall apply:

1. The District, expects to receive a list of schedules to be prepared and other items required for the audit by the 1<sup>st</sup> week of May each year.
2. The preliminary fieldwork shall be conducted the 2<sup>nd</sup> week of June.
3. The interim fieldwork shall be conducted the last two weeks of August.
4. The final onsite audit will be scheduled for the two week period commencing the second Monday of November. The audit will be conducted on district premises. The District will provide space deemed adequate by the auditor to efficiently conduct the audit.
5. Prior to the August due date for filing the PI-1505AC, the auditor will meet with the Comptroller and CFO to review adjusting journal entries, certify data for submission of the PI-1505AC, and review any adjustments or concerns that might affect the district completion of the PI-1505SE.
6. Report completion and exit conference are required by December 17<sup>th</sup> of each year.
7. Prior to submission of the completed report, the auditor will be required to review a draft of the proposed report and management letter with the Comptroller and the CFO. The management letter will be sent to the CFO.
8. The financial audit reports must be submitted to the District no later than December 17<sup>th</sup> of each year. The financial Audit Statement must be submitted to the Department of Public Instruction by the District's last business day in December.
9. The engagement will include presentations to the Milwaukee Board of School Directors as required.

**1.3 Contract Compliance Services (CCS) Requirements**

In educating the children and youth of Milwaukee, MPS is also a primary purchaser of goods and services in the Milwaukee marketplace. MPS believes it is obligated to display in its own operations the values of excellence, diversity, and economic responsibility that it strives to teach its students.

To that end, many MPS contracts require the use of Historically Underutilized Business (HUB) firms and the engagement of the MPS contract awardee in Student Employment and/or Student Career Education activities.

The HUB participation requirement for this RFP is 7% per 12-month period.

The Student Engagement Requirement for this RFP is:

0 hours of Student Employment per 12-month period  
20 hours of Career Education per 12-month period

All information relating to the HUB participation requirement and the Student Engagement Requirement, including all forms that must be filled out, can be found at <http://www.milwaukee.k12.wi.us> (click on Vendors, then click on Forms), which is herein expressly incorporated by reference.

Note: Even if there are no HUB or Student Engagement requirements, you must still fill out the Prime Vendor Information Sheet, found at <http://www.milwaukee.k12.wi.us>. (This information will not be used in making any award and is kept solely for statistical reporting purposes to the Board of School Directors).

If a HUB participation requirement has been assigned, vendors must submit a HUB Utilization Plan. If a Student Engagement requirement is assigned, the following forms are required to be filled out at bid submission Schedule H1-A Student Employment Commitment Form and Schedule H1-B Student Career Education Plan Commitment.. If both HUB and Student Engagement requirements are assigned, all forms related to both requirements must be addressed in the response.

For the following form(s) whose box is checked below, respondents must complete and return the forms with submission or your RFP will be rejected as non-responsive. The required forms are attached to this RFP. Fillable versions of these same forms can also be found at <http://www.milwaukee.k12.wi.us> (click on Vendors, then click on Forms). If you use the fillable version of the forms, you must still print, sign, and attach to your RFP submission.

Y N

- Appendix A- HUB Utilization Plan (If box is checked, current certification document, with NAICS code, must be submitted with RFP response.)
- Appendix B- Prime Vendor Information Sheet (Mandatory for every RFP response.)
- Schedule H1-A Student Employment Commitment
- Schedule H1-B Student Career Awareness/Education Plan/Commitment

MPS' CCS Manager will be the sole judge of the suitability and completeness of the returned forms and assign a "Pass"/ "Fail" determination accordingly. Responses determined to have "Failed" will be rejected as non-responsive. For information on MPS' HUB program, contact the Office of Contract Compliance Services at [505@milwaukee.k12.wi.us](mailto:505@milwaukee.k12.wi.us) .

Note: In the event that this RFP does not contain specific mandatory requirements, MPS reserves the right to assign to proposers who utilize a MPS certified HUB vendor and or commit to Student Engagement up to 10 additional points. To be eligible to receive these points, proposers must detail in their proposal what role the HUB subcontractor will be responsible for in the project and/or specify engagement of MPS students within a 12-month contract period. Forms can be found at <http://www.milwaukee.k12.wi.us> and must be completed and returned with your proposal for credit consideration. MPS' CCS Manager will be the sole judge of the suitability of the proposed participation and assign points accordingly. For information on MPS' CCS program, contact the Office of Contract Compliance Services at [505@milwaukee.k12.wi.us](mailto:505@milwaukee.k12.wi.us) .

Please note that Proposers' status as a 501(c)(3) does not exempt it from these requirements.

**2.0 ABOUT MILWAUKEE PUBLIC SCHOOLS**

It is expected that successful vendors will establish a strong partnership with MPS. As a strong partner, successful vendors will need to become fully acquainted with the business of MPS: Educating Milwaukee’s children. For a full description of Milwaukee Public Schools, its mission, demographics, and vision can be found at <http://www.milwaukee.k12.wi.us>.

**3.0 INSTRUCTIONS TO THE VENDOR**

**3.1 Communication/Questions**

Vendors are expected to raise any questions, or additions they have concerning the RFP document as soon as they become aware of them. Any questions or requests for clarifications must be directed in writing to and received by [mpsrfps@milwaukee.k12.wi.us](mailto:mpsrfps@milwaukee.k12.wi.us) no later than **9:00 am central time, Wednesday, September 10, 2014**. The subject line of the email must be labeled “RFP 861 - Question.” The only contact allowed with MPS staff is through [mpsrfps@milwaukee.k12.wi.us](mailto:mpsrfps@milwaukee.k12.wi.us), as stated above. **Unauthorized contact of any MPS employee is cause for rejection of the RFP response.** Any additional information or clarifications that are provided to one bidder will be provided to all bidders in the form of an addendum posted to the MPS portal at <http://www.milwaukee.k12.wi.us>. Vendors are responsible for checking this site for any addenda that may be issued.

**3.2 Proposal Calendar**

The following is a list of key dates up to and including the date proposals are required to be submitted. The dates set forth below are for informational purposes only. All dates are tentative and subject to change.

<b>Milestone</b>	<b>Date</b>
Requests for proposals issued	September 3, 2014
Deadline for Submission of Written Questions	September 10, 2014
Due Date for proposals	September 29, 2014
Proposal Evaluations and Negotiations	As Scheduled
Selected firm notified	As Scheduled
Contract Date	July 1, 2015
Date Audit May Commence	To be determined

The Milwaukee Public School District will have all records, posted statements, bank reconciliations, and other necessary reports ready for audit and all management personnel available to meet with the firm’s personnel at a mutually agreed upon date to be determined.

**3.3 Proposal Requirements**

**A. General Requirements**

1. **Proprietary Information**  
All restrictions on the use of the data contained within a proposal and all confidential information must be clearly stated. Proprietary information submitted in a proposal, or in response to the RFP, will be handled in accordance with the applicable Wisconsin State Statutes(s). You may fill out and submit the “Request to Designate Information as Confidential or Proprietary” form found at <http://milwaukee.k12.wi.us> (click on Vendors, then click on Forms) if you seek to designate any portion of your response as confidential or proprietary. Please note that the Board is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Contract are subject to and conditioned on the provisions of Wis. Stat. § 19.21, et seq.
2. Most of the communication regarding this procurement will be conducted by electronic mail (e-mail). Firms agree to provide the District with a valid e-mail address to receive this correspondence.
3. This RFP is being made available by electronic means. If accepted by such means, the firm acknowledges and accepts full responsibility to insure that no changes are made to the RFP. In the event of a conflict between a

version of the RFP in the firms' possession and the version maintained by the District, the version maintained by the District must govern. Any addendums will be posted and updated through the District's website.

**B. Proposal Format**

In order to simplify the review process and to obtain the maximum degree of comparability, proposals shall be organized as specified. Elaborate proposals (e.g. expensive artwork) beyond that which is sufficient to present a complete and effective proposal are not necessary.

The following material is required to be received by September 29, 2014 at 2:00 PM central and shall be organized in the manner specified by the Request For Proposal and in the following format for a proposing firm to be considered:

Please clearly mark the outside of the packing case "RFP 861" and the original copy of the proposal as "ORIGINAL" on the cover:

1. Ten (10) copies in a font size of 12 or larger on 8 ½ X 11 sized paper and one (1) electronic PDF file on a flash drive sent with the "ORIGINAL" copy to include the following:

- a. Title page  
Title page showing the request for proposal's subject, the firm's name, address and telephone number of a contact person; and the date of the proposal.
- b. Table of Contents
- c. Transmittal Letter  
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement of why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days.
- d. Detailed Proposal  
THE DETAILED PROPOSAL SHOULD FOLLOW THE ORDER SET FORTH IN SECTION 3.3 C OF THIS REQUEST FOR PROPOSAL.

2. Each proposal shall include a set of the Cost Proposal Worksheets (Exhibits A1-A5) dollar cost bid in a separate sealed envelope marked as follows:

**SEALED DOLLAR COST BID PROPOSAL FOR MILWAUKEE PUBLIC SCHOOL DISTRICT PROFESSIONAL AUDITING SERVICES**

3. Proposer should deliver the completed proposal to the following address:

Milwaukee Public Schools  
Dept. of Procurement Services (Office of Finance)  
5225 W. Vliet St., Room 160  
Milwaukee WI 53208

The original proposal must be time-stamped no later than 2:00 p.m. central time on the due date indicated using the time clock in the Department of Procurement Services office. Proposals not stamped will not be evaluated. **Receipt of a proposal by the District mail system does not constitute receipt of a proposal by the Department of Procurement Services office for purposes of this RFP.**

All responses must be packaged, sealed, and show the following information on the outside of the package: Respondent's name, address, and the request for proposal number and title. Sets (original and copies) must be collated and each set must be bound in a manner to make each set readily apparent and complete, or your response will be considered non-responsive.



### C. Technical Proposal for Audit Services

#### 1. General Requirements

The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements. As such, the substance of proposals will carry more weight than their form or manner of presentation.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

While additional data may be presented, the following subjects, items No. 2 through 9 must be included. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. They represent the criteria against which the proposal will be evaluated.

#### 2. Independence

The firm should provide an affirmative statement that it is independent of the Milwaukee Public School District as defined by generally accepted auditing standards/the U.S. Government Accountability Office's government Auditing Standards (2011). The firm should also list and describe the firm's professional relationships involving the Milwaukee Public School District or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

#### 3. License to Practice in Wisconsin

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Wisconsin.

#### 4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's government audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number of the staff to be employed on a part-time basis.

The firm shall provide information on the results of the most recent peer review and the results of any Federal or State reviews of its audits during the past five (5) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies or professional organizations.

#### 5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Wisconsin. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past five (5) years and membership in professional organizations relevant to the performance of the audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality and consistency of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with

the express prior written permission of the Milwaukee Public School District. However, in either case, the Milwaukee Public School District retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) of at least five (5) Wisconsin school district clients performed in the last five years that are similar to the engagement described in this request for proposals. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

Please list how many existing engagements your firm has with Wisconsin public school districts.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section 1.2 of this request for proposals.

Firms are required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement  
NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the Milwaukee Public School District's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential Audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Milwaukee Public School District.

9. **Sealed Dollar Cost Bid (Cost Proposal Worksheets Exhibits A1-A5) in a separate sealed envelope**

1. Total All-Inclusive Maximum Price  
The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The base bid amount is to contain all direct and indirect costs including all out-of-pocket expenses.

The Milwaukee Public School District will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

**The sealed dollar cost bid sheet(Cost Proposal Worksheets Exhibits A1-A5) in a separate sealed envelope should include the following information:**

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the Milwaukee Public School District.

- c. A fixed price (Base Bid) for auditing services consistent with auditing standards at that time for the 2015, 2016, 2017, 2018 and 2019 engagements.
- 2. A fixed price (Base Bid) for membership audit, audit of parent consent and audit of the Integration Transfer program.  
  
The sealed dollar cost should include a description of what services are considered to be outside the scope of the audit base bid.  
  
The sealed dollar cost bid should state the audit firm's fee structure, hourly rates, and all other costs.
- 3. The sealed dollar cost bid should list the hourly rate for additional auditing services if required by the client for each year of engagement.
- 4. **Manner of Payment**  
Progress payments will be made on the basis of hours of work completed during the course of the agreement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld pending delivery of the firm's final reports.

**3.4 Evaluation Procedures**

**A. Administrative Review**

An MPS RFP evaluation committee will be established to evaluate proposers' responses to each of the RFP requirements.

**B. Review of Proposals**

Each response will be reviewed, discussed, evaluated, and ranked by each of the committee members. Proposals should be complete on their face. However, after opening of responses, MPS reserves the right to waive irregularities in any proposal, to request clarifying information it deems appropriate from one or more respondents, to request supplemental information from all of the respondents, and to factor any additional information into the evaluation. MPS may or may not require oral presentations of a group of finalists in person or on the telephone and may request further information from those finalists.

**C. Evaluation of Proposals**

The following is intended to give a brief description of the steps that will be used in the evaluation of the proposals. The evaluators will compare the relative merits of alternative audit approaches and will assess the hours required by staff level to complete the various segments of the audit as well as determine if the experience of assigned staff is adequate for the type of audit desired

Proposals will be ranked based on the following criteria:

Criteria	Description	Points
HUB/Student Engagement Requirements	Compliance with the HUB and Student Engagement requirements set forth in section 1.3 on the forms specified.	Pass/Fail
Responsiveness	Compliance with proposal submission requirements.	Pass/Fail
Signed Cover Page	Proposer must submit the cover page (page 1) signed by an authorized signatory.	Pass/Fail
Cost Proposal Form	Your costs must be set forth on the Cost Proposal Forms(Exhibits A1-A5) or your proposal will not be considered responsive and will not be reviewed.	Pass/Fail

	TECHNICAL CRITERIA	POINT RANGE
1. Responsiveness of the proposal in clearly stating an understanding of the work to be performed.	a. Audit coverage. Adequacy of sampling techniques. Adequacy of analytical Procedures.	0-20
	b. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants assigned.	0-10
	c. List of audits conducted within the last three years of similar sized School Districts.	0-15
2. Technical experience of the firm.	a. Auditing of the type under consideration.	0-15
	d. Auditing similar entities (size/budget).	0-20
	e. Firm or staff auditing experience with this district.	0-5
3. Qualifications of staff, including consultants to be assigned to the audit. Education, including continuing education courses taken during the past two years, position in the firm and types of experience will be considered. This will be determined from the resumes submitted.	a. Qualifications of the audit team.	0-20
	b. Supervision to be exercised over the audit team by the firm's management.	0-10
4. Size and structure of the firm.		0-10
<b>TOTAL TECHNICAL POINTS - 0-125</b>		
<b>COST CRITERIA</b>		
1. Cost of the Audit.	Total of Cost Proposal Worksheets (Exhibits A1-A5)	0-25
<b>GRAND TOTAL OF ALL POINTS</b>		<b>0-150</b>

#### D. Oral Presentations

During the evaluation process, the Procurement Director has the discretion to request any one or all firms to make oral presentations. Such presentations may provide firms with an opportunity to answer any questions on a firm's proposal. Not all firms may be asked to make such oral presentations. The District will make every reasonable attempt to schedule each presentation at a time and location that is agreeable to the firm. Failure of a firm to conduct an interview or permit a site-visit on the date scheduled may result in a rejection of the vendor's proposal.

#### E. Final Selection

The Milwaukee Public School District will select a firm based upon the recommendation of the RFP Evaluation Committee. It is anticipated that a firm will be selected by November 14, 2014. Following notification of the firm selected, it is expected a contract will be executed between both parties prior to June 30, 2015.

#### F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Milwaukee Public School District and the firm selected.

The Milwaukee Public School District reserves the right without prejudice to reject any and all proposals.

#### 4.0 GENERAL PROPOSAL CONDITIONS

A. All proposals are to be submitted according to Section 3.3 requirements as specified.

B. All proposals must be submitted no later than **2:00 p.m. central on September 29<sup>th</sup>, 2014** in sealed envelopes marked "**RFP 861**" and turned into the Dept. of Procurement Services (Office of Finance) 5225 W. Vliet St., Room 160. Proposals must be received by the specified time stated above. Proposals not received in time will remain unopened.

C. Faxed, verbal or emailed proposals will not be accepted.

D. Proposals shall be irrevocable until contract award unless the proposal is withdrawn. Firms may withdraw a proposal in writing at any time up to the proposal closing date. To accomplish this, the written request must be signed by an authorized representative of the firm and submitted to the Procurement Director. If a previously submitted proposal is withdrawn before the proposal date and time the proposer may submit another proposal up to the proposal date and time.

E. The Board of School Directors reserves the right to accept or reject any or all proposals and to waive any informality in the proposal process. Furthermore, the District reserves the right to select the proposal considered to be in the best interest of the Milwaukee Public School District and to negotiate any modifications to the proposal deemed appropriate.

F. All proposals are to be signed by an authorized representative of the firm.

G. Provide a statement of assurance regarding the firm's ability to maintain reasonable continuity in the assignment of audit staff on a year-to-year basis.

H. Provide a minimum of three (3) references with the following information: name and title of contact, name of the organization, address and telephone number, scope and date of work performed.

I. The firm shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or be in connection with performance of the work hereunder by the individual or the firm, his agent's representative, or employees.

J. Revisions to this proposal may be made by an official written amendment issued by the District.

K. Clarifications and/or revisions to the specifications and Requirements:

Questions or requests for additional information concerning this request for proposal must be received by 9:00 a.m. central time on September 10, 2014. See **Section 3.1 Communication/Questions**.

Vendors are expected to raise any questions, exceptions, or additions they have concerning the RFP document at this point in the RFP process. If a vendor discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the vendor should immediately notify via email at [mpsrfps@milwaukee.k12.wi.us](mailto:mpsrfps@milwaukee.k12.wi.us)

In the event that it becomes necessary to provide additional clarifying data or information, or to revise any part of this RFP, revisions/amendments and/or supplements will be provided to all recipients of this initial RFP.

Each proposal shall stipulate that it is predicated upon the terms and conditions of this RFP and any supplements or revisions thereof.

An electronic version of this RFP is available on the home page of the District's web site:

<http://mpsportal.milwaukee.k12.wi.us/portal/server>

**5.0 Contracts**

MPS will not sign a vendor's forms or contracts. Unless otherwise indicated, awarded vendor will be required to sign MPS' Professional Services Contract found at <http://milwaukee.k12.wi.us> (click on Vendors, then click on Forms).

**6.0 Appeals**

Appeal may be filed at any time during the procurement process, but not later than 5 days after Procurement's public notification of bid tabulation and recommendation of award. Information on the written appeal process is available at: [http://mpsaccountability.milwaukee.k12.wi.us/wp-content/uploads/2013/03/Bid\\_RFP-Appeals-Form.pdf](http://mpsaccountability.milwaukee.k12.wi.us/wp-content/uploads/2013/03/Bid_RFP-Appeals-Form.pdf)

# Exhibit C



**BAKER TILLY**

Baker Tilly Virchow Krause, LLP  
777 E Wisconsin Ave, 32nd Floor  
Milwaukee, WI 53202-5313  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

December 12, 2014

Milwaukee Board of School Directors  
C/O Mr. Paul Galb  
Office of Board Governance - Audit Services  
Central Services Building  
Milwaukee Public Schools  
5225 West Vliet Street  
P.O. Box 2181  
Milwaukee, Wisconsin 53201-2181

Dear Board of School Directors:

Thank you for using Baker Tilly Virchow Krause, LLP ("we" or "our") as your auditors. The purpose of this letter is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of Milwaukee Public Schools.

### **Services and Related Report**

We will audit the basic financial statements of Milwaukee Public Schools as of and for the years ended June 30, 2015, 2016 and 2017 with an optional two year extension, and the student membership counts for the years ended June 30, 2016, 2017 and 2018 with an optional two year extension. Upon completion of our audit, we will provide Milwaukee Public Schools with our audit report on the financial statements and supplemental information referred to above. If, for any reasons caused by or relating to the affairs or management of Milwaukee Public Schools, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement. In the event Baker Tilly determines that there exists reason to believe that they are unable to complete and issue the audit, if reasonable under the circumstances, it shall provide 60 days notice to Milwaukee Public Schools, who will be given 30 days to cure the reasons for the inability to complete or issue the audit.

In order to perform the professional services outlined, Baker Tilly Virchow Krause, LLP requires access to information subject to Title II of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Federal law requires Baker Tilly Virchow Krause, LLP to execute a Business Associate Agreement (BAA) prior to being granted this information. For your convenience, we have attached our firm standard BAA for your review and signature as Addendum . Please execute and return a copy with this engagement letter, keeping the original BAA on file with your HIPAA compliance records.

The following supplementary information accompanying the financial statements will also be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

Combining and Individual Fund Financial Statements

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Milwaukee Public Schools's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Milwaukee Public Schools's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Budget Comparison Schedules
- Schedules of Funding Progress
- Schedules of Employer Contributions

We will read the following other information accompanying the financial statements to identify any material inconsistencies with the audited financial statements; however, the other information will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor's report will not provide an opinion or any assurance on that other information:

- Transmittal Letter
- Statistical Schedules

#### **Our Responsibilities and Limitations**

The objective of a financial statement audit is the expression of an opinion on the financial statements. The objective also includes reporting on:

- > Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.
- > Internal control related to major federal and state programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal and state awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We will be responsible for conducting the audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133 and the OMB Supercircular and the *State Single Audit Guidelines*, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, and other procedures we consider necessary to enable us to express such opinions and to render the required reports.



These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.

The audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards. We will also inform you of any other matters involving internal control, if any, as required by *Government Auditing Standards*, OMB Supercircular, OMB Circular A-133 and the *State Single Audit Guidelines*.

As required by OMB Circular A-133 and the *State Single Audit Guidelines*, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and major state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control over compliance issued pursuant to OMB Circular A-133 and the *State Single Audit Guidelines*.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect errors or fraud that are immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States of America may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to Milwaukee Public Schools, as appropriate, any such matters identified during our audit. Also, if required by *Government Auditing Standards*, we will report known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse directly to parties outside of your organization. Such report shall be made only after Milwaukee Public Schools has been given an opportunity to address and respond to any underlying conduct.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Milwaukee Public Schools's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and the OMB Supercircular and the *State Single Audit Guidelines* require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB Circular A-133 Compliance Supplement and the *State Single Audit Guidelines* for the types of compliance requirements that could have a direct and material effect on each of Milwaukee Public Schools's major programs. The purpose of those procedures will be to express an opinion on Milwaukee Public Schools's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and the OMB Supercircular and the *State Single Audit Guidelines*.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under auditing standards generally accepted in the United States of America, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of Milwaukee Public Schools's significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to Milwaukee Public Schools's financial statements or our report thereon, consultations with other independent accountants; issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal control or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

#### **Management's Responsibilities**

Milwaukee Public Schools's management is responsible for the financial statements referred to above. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and state awards in accordance with the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, and over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. You are also responsible for the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Milwaukee Board of School Directors  
Milwaukee Public Schools

December 12, 2014  
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Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us (i) about all known or suspected fraud affecting the entity involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud or illegal acts could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133 and the *State Single Audit Guidelines*, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review before we begin fieldwork.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with accounting principles generally accepted in the United States of America. Management also is responsible for identifying and ensuring that Milwaukee Public Schools complies with the laws and regulations applicable to its activities.

As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards generally accepted in the United States of America also require that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

Because of the importance of oral and written representations to an effective audit, Milwaukee Public Schools releases Baker Tilly Virchow Krause, LLP and its current, former or future partners, principals, employees, and personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management. The terms of this paragraph shall apply to any claims of any kind, including, but not limited to, contract, tort, or negligence of any party, including Milwaukee Public Schools or Baker Tilly Virchow Krause, LLP.

### Non-Attest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain non-attest services including, but not limited to, preparing drafts of your financial statements and schedule of expenditures of federal and state awards and proposing general, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements and schedule of expenditures of federal and state awards. In addition, you will be required to review and approve the financial statements and schedule of expenditures of federal and state awards and approve those documents prior to their issuance and have a responsibility in fact and appearance to make an informed judgment on those documents.

We will not perform any management functions or make management decisions on your behalf with respect to any non-attest services we provide.

In connection with our performance of any non-attest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the non-attest services we perform.
- > Accept responsibility for the results of our non-attest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the non-attest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

### Other Documents

Auditing standards generally accepted in the United States of America require that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

If you intend to reproduce or publish the financial statements, and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

At the conclusion of our engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. We will also upload an electronic copy of the reporting package, certify the accuracy of the reporting package, and provide an electronic signature. It is management's responsibility to review and certify

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the reporting package and provide an electronic signature prior to submission of the reporting package to the Federal Audit Clearinghouse. It is management's responsibility to submit hard copies of the reporting package to any state or pass-through entities as appropriate. The Data Collection Form and the reporting package must be submitted to the Federal Audit Clearinghouse electronically within the earlier of thirty (30) days after receipt of the auditors' reports or nine (9) months after the end of the audit period. At the conclusion of the engagement, we will provide to management electronic copies of the Data Collection Form and the reporting package.

We will provide copies of our reports to Milwaukee Public Schools; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The documentation for this engagement is the property of Baker Tilly Virchow Krause, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal or state agencies for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Baker Tilly Virchow Krause, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to Regulators, Milwaukee Public Schools hereby authorizes us to do so.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

#### **Legal Terms**

In no event shall either party be liable for any punitive damages relating to Baker Tilly Virchow Krause, LLP's services provided under this engagement letter.

#### **Resolution of Disagreements**

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute. Each party shall bear their own expenses. Our services shall be evaluated on our substantial conformance with the terms expressly set forth herein, including all applicable professional standards.

#### **Timing and Fees**

Completion of our work is subject to, among other things, (i) appropriate cooperation from Milwaukee Public Schools's personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries, and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason Milwaukee Public Schools is unable to provide such schedules, information, and assistance, Baker Tilly Virchow Krause, LLP and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

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Changes to our audit procedures resulting in increased hours and expense could result from the current credit crisis and economic conditions. Examples of issues we have seen include unexpected asset impairment analysis, liquidity and going concern evaluations, debt covenant violations, inventory lower of cost or market declines, customer credit risk issues, and increased risk of employee fraud, to name a few. If these issues or others are identified which increase our level of service effort and cause revisions in the scope of our work, we will discuss these with you before incurring additional time and effort. We will, of course, solicit the efforts of you and your staff to minimize the impact these incremental efforts will have on the fees.

Revisions to the scope of our work due to delays in the issuance of the audit report or increased procedures as a result of the current credit crisis and economic conditions will be set forth in the form of an "Amendment to Existing Engagement Letter."

We recognize that this is a fixed fee engagement based on the scope of services outlined in the RFP. If, however, conditions change at the District that will require an increase in service effort and cause revisions in the scope of work, we will discuss these conditions and make separate fee arrangements before any additional work is performed. Invoices for these fees will be rendered each month as work progresses and are payable on presentation. A charge of 1.5% per month shall be imposed on accounts not paid within 30 days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We may use temporary contract staff to perform certain tasks on your engagement and will bill for that time at the rate that corresponds to Baker Tilly Virchow Krause, LLP staff providing a similar level of service. Upon request, we will be happy to provide details on training, supervision, and billing arrangements we use in connection with these professionals.

Our fees are based on known circumstances at the time of this agreement. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at your organization, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs, or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures. This agreement currently includes all auditing standards through Statement on Auditing Standards (SAS) No. 120 – "Required Supplementary Information," all accounting standards through Governmental Accounting Standards Board (GASB) No. 65 and the current federal and state single audit guidance.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course be happy to provide Milwaukee Public Schools with any other services you may find necessary or desirable.

#### **Other Matters**

Baker Tilly Virchow Krause, LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

As noted in your Request for Proposal and our response to such document in September 2014, Milwaukee Public Schools internal auditors will provide us with direct assistance on this year's financial statement audit. In connection with that provision of direct assistance, you agree to allow the internal auditors to follow our instructions and to not intervene in the work the internal auditors perform for us.

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Because the services we provide may prove to be useful to Milwaukee Public Schools in situations where Milwaukee Public Schools is involved in investigations or litigation that does not involve Baker Tilly Virchow Krause, LLP, our assistance may be necessary. Therefore, in the event we are requested or authorized by Milwaukee Public Schools, or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for Milwaukee Public Schools, Milwaukee Public Schools will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our reasonable professional time and expenses, as well as the reasonable fees and expenses of our counsel, incurred in responding to such a request.

Neither this engagement letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated, or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this engagement letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this engagement letter.

**BAKER TILLY VIRCHOW KRAUSE, LLP IS A MEMBER OF BAKER TILLY INTERNATIONAL LIMITED (BAKER TILLY). EACH MEMBER FIRM OF BAKER TILLY IS A SEPARATE AND INDEPENDENT LEGAL ENTITY. BAKER TILLY AND ITS OTHER MEMBERS ARE NOT RESPONSIBLE OR LIABLE FOR ANY ACTS OR OMISSIONS OF BAKER TILLY VIRCHOW KRAUSE, LLP. BAKER TILLY VIRCHOW KRAUSE, LLP AND ITS AFFILIATES ARE NOT RESPONSIBLE OR LIABLE FOR ANY ACTS OR OMISSIONS OF ANY OTHER MEMBER OF BAKER TILLY. BAKER TILLY DOES NOT RENDER ANY PROFESSIONAL SERVICES AND DOES NOT HAVE AN OWNERSHIP OR PARTNERSHIP INTEREST IN BAKER TILLY VIRCHOW KRAUSE, LLP.**

Baker Tilly Virchow Krause, LLP further represents: Baker Tilly International Limited is an English Company. Neither Baker Tilly International Limited nor any other member firm has a right to exercise management control over any other member firm. Baker Tilly Virchow Krause, LLP is not Baker Tilly International Limited's agent and does not have authority to bind Baker Tilly International Limited or act on Baker Tilly International Limited's behalf.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral except for our audit proposal dated September 29, 2014 and your RFP dated September 3, 2014 which are included herein by reference. The agreement contained in this engagement letter shall survive the completion or termination of this engagement. If because of a change in Milwaukee Public Schools's status or due to any other reason, any provision in this agreement would be prohibited by, or would impair our independence under, laws, regulations or published interpretations by governmental bodies, commissions, or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

The validity, construction and enforcement of this engagement letter shall be determined in accordance with the laws of the State of Wisconsin, without reference to its conflicts of laws principles, and any action arising under this engagement letter shall be brought exclusively in the State of Wisconsin.

We appreciate the opportunity to be of service to Milwaukee Public Schools.

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If there are any questions regarding the engagement letter, please contact Wendi Unger, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and for determining that the engagement has been completed in accordance with professional standards. Wendi Unger is available at 414 777 5423.

Sincerely, .....

BAKER TILLY VIRCHOW KRAUSE, LLP

*Baker Tilly Virchow Krause, LLP*

Enclosures

The services and terms as set forth in the engagement letter are agreed to by:

Kristen DeCato  
Official's Name

*Kristen DeCato*  
Official's Signature

Director, Procurement + Risk Management  
Title

6/19/15  
Date



**ADDENDUM C  
BUSINESS ASSOCIATE AGREEMENT  
BETWEEN MILWAUKEE PUBLIC SCHOOLS  
and  
BAKER TILLY VIRCHOW KRAUSE, LLP**

THIS BUSINESS ASSOCIATE AGREEMENT ("BA Agreement") replaces previous business associate agreements between Baker Tilly Virchow Krause, LLP ("Business Associate") and Milwaukee Public Schools ("Covered Entity") (each a "Party" and collectively the "Parties"), and is effective on December 12, 2014 ("Effective Date").

The Parties hereby agree as follows:

**1. DEFINITIONS**

- 1.1 Unless otherwise specified in this BA Agreement, all capitalized terms used in this BA Agreement not otherwise defined in this BA Agreement have the meanings established for purposes of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (collectively, "HIPAA") and ARRA, as each is amended from time to time.
- 1.2 "ARRA" shall mean the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§17921-17954, and any and all references in this BA Agreement to sections of ARRA shall be deemed to include all associated existing and future implementing regulations, when and as each is effective.
- 1.3 "Breach" shall mean the acquisition, access, use, or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exceptions set forth, in 45 C.F.R. 164.402.
- 1.4 "Compliance Date" shall mean, in each case, the date by which compliance is required under the referenced provision of ARRA and/or its implementing regulations, as applicable; provided that, in any case for which that date occurs prior to the effective date of this BA Agreement, the Compliance Date shall mean that Effective Date of this BA Agreement.
- 1.5 "Electronic Protected Health Information" ("ePHI") shall mean PHI as defined in Section 1.7 that is transmitted or maintained in electronic media.
- 1.6 "PHI" shall mean Protected Health Information, as defined in 45 C.F.R. 160.103 and 45 C.F.R. 164.501, and is limited to the Protected Health Information received from, or received or created on behalf of, Covered Entity by Business Associate.
- 1.7 "Privacy Rule" shall mean the federal privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- 1.8 "Security Rule" shall mean the federal security regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & C).

## 2. RESPONSIBILITIES OF BUSINESS ASSOCIATE

With regard to its use and/or disclosure of PHI, Business Associate agrees to:

- 2.1 use and/or disclose PHI only as necessary to provide services, as permitted or required by this BA Agreement and/or the Agreement, and in compliance with each applicable requirement of 45 C.F.R. 164.504(e) or as otherwise Required by Law.
- 2.2 implement and use appropriate administrative, physical, and technical safeguards to (i) prevent use or disclosure of PHI other than as permitted or required by this BA Agreement; (ii) reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that Business Associate creates, receives, maintains, or transmits on behalf of the Covered Entity; and (iii) as of the Compliance Date of 42 U.S.C. § 17931, comply with the Security Rule requirements set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312, and 164.316.
- 2.3 without unreasonable delay, report to Covered Entity (i) any use or disclosure of PHI, of which it becomes aware, that is not provided for by this BA Agreement; and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 C.F.R. 164.314(a)(2)(C).
- 2.4 with respect to any use or disclosure of Unsecured PHI not permitted by the Privacy Rule that is caused solely by Business Associate's failure to comply with one or more of its obligations under this BA Agreement, Covered Entity hereby delegates to Business Associate the responsibility for determining when any such incident is a Breach and for providing all legally required notifications to Individuals, HHS, and/or the media, on behalf of Covered Entity. Business Associate shall provide these notifications in accordance with the data breach notification requirements set forth in 42 U.S.C. §17932 and 45 C.F.R. Parts 160 and 164 subparts A, D, & E as of their respective Compliance Dates, and shall pay for the reasonable and actual costs associated with such notifications. In the event of a Breach, without unreasonable delay, and in any event no later than sixty (60) calendar days after Discovery, Business Associate shall provide Covered Entity with written notification that includes a description of the Breach, a list of Individuals (unless Covered Entity is a plan sponsor ineligible to receive PHI), and a copy of the template notification letter to be sent to Individuals.
- 2.5 require all of its subcontractors and agents that create, receive, maintain, or transmit PHI to agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to Business Associate; including but not limited to the extent that Business Associate provides ePHI to a subcontractor or agent, it shall require the subcontractor or agent to implement reasonable and appropriate safeguards to protect the ePHI consistent with the requirements of this BA Agreement.
- 2.6 make available its internal practices, books, and records relating to the use and disclosure of PHI to the Secretary for purposes of determining Covered Entity's compliance with the Privacy Rule.
- 2.7 document, and within thirty (30) days after receiving a written request from Covered Entity or an Individual, make available directly to an Individual, an accounting of disclosures of PHI about the Individual, in accordance with 45 C.F.R. 164.528.
- 2.8 notwithstanding Section 2.7, in the event that Business Associate in connection with services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall when and as reasonably directed by Covered Entity or an Individual, make an accounting of disclosures of PHI directly to an Individual within thirty (30) days after receiving a written request, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. § 17935(e), as of its Compliance Date.
- 2.9 provide access, within thirty (30) days after receiving a written request from Covered Entity or an Individual, to PHI in a Designated Record Set about an Individual, directly to the Individual, in accordance with the requirements of 45 C.F.R. 164.524.

- 2.10 notwithstanding Section 2.9, in the event that Business Associate in connection with services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall provide an electronic copy of the PHI, within thirty (30) days after receiving a written request, directly to an Individual or a third party designated by the Individual, all in accordance with 42 U.S.C. § 17935(e) as of its Compliance Date.
- 2.11 to the extent that the PHI in Business Associate's possession constitutes a Designated Record Set, make available, within thirty (30) days after a written request by Covered Entity or an Individual, PHI for amendment and incorporate any amendments to the PHI, as directed by Covered Entity or an Individual, all in accordance with 45 C.F.R. § 164.526.
- 2.12 request, use, and/or disclose only the minimum amount of PHI necessary to accomplish the purpose of the request, use, or disclosure; provided, that Business Associate shall comply with 42 U.S.C. § 17935(b) as of its Compliance Date.
- 2.13 accommodate reasonable requests by Individuals for confidential communications in accordance with 45 C.F.R. 164.522(b) of the Privacy Rule.
- 2.14 not directly or indirectly receive remuneration in exchange for any PHI as prohibited by 42 U.S.C. § 17935(d) as of its Compliance Date.
- 2.15 not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a) as of its Compliance Date.
- 2.16 not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b) as of its Compliance Date.

**3. RESPONSIBILITIES OF COVERED ENTITY**

In addition to any other obligations set forth in the Agreement, including in this BA Agreement, Covered Entity:

- 3.1 represents that it has ensured, and has received certification from Plan Sponsor, that Plan Sponsor has taken the appropriate steps in accordance with 45 C.F.R. 164.504(f) and 45 C.F.R. 164.314(b) to enable Business Associate on behalf of Covered Entity to disclose PHI to Plan Sponsor, including but not limited to amending its Plan documents to incorporate, and agreeing to, the requirements set forth in 45 C.F.R. 164.504(f)(2) and 45 C.F.R. 164.314(b). Covered Entity shall ensure that only employees authorized under 45 C.F.R. 164.504(f) shall have access to the PHI disclosed by Business Associate to Plan Sponsor.
- 3.2 shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.
- 3.3 will provide, or direct its other business associates to provide, to Business Associate only the minimum PHI necessary to accomplish the services it provides to Covered Entity.
- 3.4 shall be responsible for using, or directing its other business associates to use, administrative, physical, and technical safeguards at all times to maintain and ensure the confidentiality, privacy, and security of PHI transmitted to Business Associate pursuant to this BA Agreement, in accordance with the standards and requirements of HIPAA, until such PHI is received by Business Associate.

- 3.5 shall obtain any consent or authorization that may be required by applicable federal or state laws and regulations prior to furnishing, or directing any of its other business associates to furnish, the PHI to Business Associate.

#### 4. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or required by this BA Agreement, Business Associate may:

- 4.1 make any and all uses and disclosures of PHI necessary to provide services to Covered Entity.
- 4.2 use and disclose to subcontractors and agents the PHI in its possession for its proper management and administration or to carry out the legal responsibilities of Business Associate, provided that any third party to which Business Associates discloses PHI for those purposes provides written assurances in advance that: (i) the information will be held confidentially and used or further disclosed only as Required by Law; (ii) the information will be used only for the purpose for which it was disclosed to the third party; and (iii) the third party promptly will notify Business Associate of any instances of which it becomes aware in which the confidentiality of the information has been breached;
- 4.3 De-identify any and all PHI obtained by Business Associate under this BA Agreement, which De-identified information does not constitute PHI, is not subject to this BA Agreement, and may be used and disclosed on Business Associate's own behalf, all in accordance with the De-identification requirements of the Privacy Rule;
- 4.4 provide Data Aggregation services relating to the Health Care Operations of the Covered Entity, including through subcontractors and agents, all in accordance with the Privacy Rule.
- 4.5 identify Research projects conducted by Business Associate, its Affiliates or third parties for which PHI may be relevant; obtain on behalf of Covered Entity documentation of individual authorizations or an Institutional Review Board or privacy board waiver that meets the requirements of 45 C.F.R. 164.512(i)(1) (each an "Authorization" or "Waiver") related to such projects; provide Covered Entity with copies of such Authorizations or Waivers, subject to confidentiality obligations ("Required Documentation"); and disclose PHI for such Research provided that Business Associate does not receive Covered Entity's disapproval in writing within ten (10) days of Covered Entity's receipt of Required Documentation.
- 4.6 make PHI available for reviews preparatory to Research and obtain and maintain written representations in accord with 45 C.F.R. 164.512(i)(1)(ii) that the requested PHI is sought solely as necessary to prepare a Research protocol or for similar purposes preparatory to Research, that the PHI is necessary for the Research, and that no PHI will be removed in the course of the review.
- 4.7 use the PHI to create a Limited Data Set ("LDS") in compliance with 45 C.F.R. 164.514(e).
- 4.8 use and disclose the LDS referenced in Section 4.7 solely for Research, Health Care Operations, or Public Health purposes; provided that, Business Associate shall (1) not use or further disclose the information other than as permitted by this Section 4.8 or as otherwise Required by Law; (2) use appropriate safeguards to prevent use or disclosure of the information other than as provided for by this Section 4.8; (3) report to Covered Entity any use or disclosure of the information not provided for by this Section 4.8 of which Business Associate becomes aware; (4) ensure that any agents or subcontractors to whom Business Associate provides the LDS agrees to the same restrictions and conditions that apply to Business Associate with respect to such information; and (5) not identify the information or contact the individuals.

## 5. TERMINATION AND COOPERATION

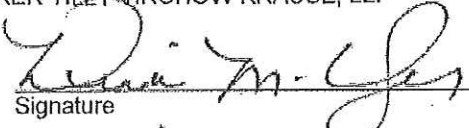
- 5.1 The Term of this BA Agreement shall be effective as of the Effective Date, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in Section 5.2 of this BA Agreement.
- 5.2 If either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this BA Agreement then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The breaching Party must cure the breach or end the violation on or before sixty (60) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching Party within the specified time frame, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may do the following:
- (i) if feasible, terminate the Agreement, including this BA Agreement; or
  - (ii) if termination of the Agreement is infeasible, report the issue to HHS.
- 5.3 Within sixty (60) days after the termination or expiration of this BA Agreement, Business Associate shall return or destroy all PHI, if feasible to do so, including all PHI in possession of Business Associate's agents or subcontractors. If Business Associate determines that return or destruction of the PHI is not feasible, Business Associate may retain the PHI subject to this Section 5.3. Under any circumstances, Business Associate shall extend any and all protections, limitations, and restrictions contained in this BA Agreement to Business Associate's use and/or disclosure of any PHI retained after the expiration or termination of this BA Agreement, and shall limit any further uses and/or disclosures solely to the purposes that make return or destruction of the PHI infeasible.
- 5.4 Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action, or other inquiry.

## 6. MISCELLANEOUS


- 6.1 The terms of this BA Agreement to the extent they are unclear shall be construed to allow for compliance by Covered Entity and Business Associate with HIPAA and ARRA.
- 6.2 Nothing in this BA Agreement shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 6.3 Business Associate will indemnify, defend, and hold Covered Entity harmless from and against any and all claims, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) which, are finally determined to have resulted solely from Business Associates, their agents or subcontractors' negligence, willful misconduct, or material failure to follow the terms of this BA Agreement.
- 6.4 Sections 4.8, 5.3, 5.4, 6.1, 6.2, 6.3, and 6.4 shall survive the expiration or termination for any reason of this BA Agreement.
- 6.5 Business Associate and Covered Entity are and shall remain independent contractors throughout the term. Nothing in this BA Agreement shall be construed to constitute Business Associate and Covered Entity as partners, joint venturers, agents, or anything other than independent contractors.

IN WITNESS WHEREOF, the parties have signed this BA Agreement on the dates indicated below.

BAKER TILLY VIRCHOW KRAUSE, LLP

By   
Signature  
Wendy M. Unger  
Print Name  
Title Partner  
Date Signed 12-12-14

MILWAUKEE PUBLIC SCHOOLS

By   
Signature  
Kristen D. DeCato  
Print Name  
Title Dir., Procurement - Risk Mgt  
Date Signed 6/19/15

# Exhibit D

Dollar cost bid for audit services for  
**RFP 861 - Milwaukee Public Schools**

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September 29, 2014

**Submitted by:**

Wendi Unger, Partner  
Baker Tilly Virchow Krause, LLP  
777 E Wisconsin Avenue, 32nd Floor  
Milwaukee, WI 53202  
414 777 5423 (direct)  
wendi.unger@bakertilly.com



**BAKER TILLY**

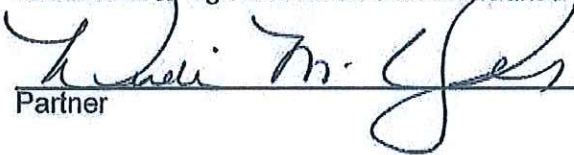
Candor. Insight. Results.



## Dollar cost bid

### **Baker Tilly Virchow Krause, LLP**

I am authorized to represent the firm, empowered to submit the proposal, and authorized to sign a contract with Milwaukee Public Schools (MPS).

  
\_\_\_\_\_  
Partner

### **Cost proposal**

We have provided fee information on the forms provided in your RFP, which begin after page 3. Our fees are based on circumstances known as of the date of this proposal and do not reflect additional fees resulting from significant changes in the scope of the engagement.

Our proposed fees are also based on the assumption that your books, records, and reports will not require major adjustments, will be completed prior to our arrival for fieldwork and that our requested prepared by client items are available and accessible at the beginning of fieldwork. Our fees are based upon accounting and auditing standards that are effective as of the date of this proposal.

The fees quoted for the Resident Membership pupil count audits are based on the assumption that we will not identify exceptions during the audit. If exceptions are identified, we will bill at our standard hourly rates for any additional time incurred to determine and resolve pupil counts. The fees are based on your personnel fully and timely completing all information requested in our membership audit "get ready" letters.

If any changes in scope or other issues arise, we will be happy to work with you on those matters.

Fees for any service can vary due to factors such as hourly billing rates, mix of staff, and actual hours of performance. A low fee is not a bargain if adequate attention is not given to the client or the service is less than that which the professional should provide. Partners and managers will perform a significant portion of the total audit hours. We believe this demonstrates our commitment to provide highly trained and experienced individuals to your engagement.





## Dollar cost bid

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### Expectations of your staff

Our fees are also based on the expectation that your personnel will:

- > Provide us with an organized, timely, complete, and well-documented closing of the books in accordance with GAAP, including adequate supporting documentation and reconciliation of accounts at the planned commencement of fieldwork
- > Prepare all assigned workpapers as identified in our "get ready" letter
- > Provide clerical assistance in typing requests for confirmation and pulling supporting documentation
- > Be available and answer questions throughout the audit

### Manner of payment

Our invoices for services will be sent on the basis of task completion during the course of the engagement.

### Additional services

Should MPS require additional services beyond the scope of this engagement, we will be pleased to prepare an estimate detailing the level of effort and resources required to complete the work. If a service is outside the scope of our bid, we will let you know and ask for your approval before we begin our work.

Rates	
Partner	\$350
Senior manager	\$285
Manager	\$165
Senior accountant	\$140
Staff	\$130

RFP 861  
 Audit Services  
 Cost Proposal Worksheet  
 EXHIBIT A1

VENDOR NAME

MILWAUKEE PUBLIC SCHOOLS  
 SUMMARY OF COSTS AND HOURS

	2015					2016					2017				
	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee	Estimated Total Hours of Senior & Other Staff	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee	Estimated Total Hours of Senior & Other Staff	
															Total #1
For fiscal year ended June 30, 2015, 2016, and 2017	95	165	110	\$77,500	95	165	110	\$78,650	95	165	110	\$80,225			
Financial audit, including all funds and account groups	20	60	70	\$31,200	20	60	70	\$31,700	20	60	70	\$32,300			
Study and evaluation of existing internal control and report thereon	45	100	355	\$77,500	45	100	355	\$78,650	45	100	355	\$80,225			
Single audit of federally and state funded programs and report thereon	15	100	195	\$25,500	15	100	195	\$25,850	15	100	195	\$26,400			
Audit of each of two defined benefit early retirement pension plans and reports thereon	25	45	-	\$22,400	25	45	-	\$22,750	25	45	-	\$23,200			
Review of Comprehensive Annual Financial Report	200	470	730	\$234,100	200	470	730	\$237,600	200	470	730	\$242,350			
<b>TOTAL</b>															
	Total #1					Total #2					Total #3				
	ENTER ALL COST TOTALS ONTO GRAND TOTAL EXHIBIT A5 ON PAGE 18														

NOTES:  
 Quoted costs shall be all-inclusive, including but not limited to, any and all anticipated travel costs, lodging, materials, administration expenses, overhead expense, etc.  
 Cost points will be assigned based on the Grand Total Cost of items 1 through 10. Cost proposals must be on this completed Exhibit A1 to A5 forms  
 Any modifications to this form or any other form submitted will be considered non-responsive. Any supplemental pricing information attached or referenced will not be considered

RFP 861  
 Audit Services  
 Cost Proposal Worksheet  
 EXHIBIT A2

VENDOR NAME

MILWAUKEE PUBLIC SCHOOLS  
 SUMMARY OF COSTS AND HOURS

2018

2016

2017

	2016			2017			2018		
	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff
Audit of student membership including summer school and report thereon. (Services to be performed only upon DPI or district request.)	10	30	160	10	30	160	10	30	160
Audit of Parent Consent and report thereon	5	15	55	5	15	55	5	15	55
Audit of the Integration Transfer Program membership counts and report thereon	6	20	124	6	20	124	6	20	124
TOTAL	21	65	339	21	65	339	21	65	339
	Total #4			Total #5			Total #6		
			\$29,000			\$29,450			\$30,000
			\$10,000			\$10,150			\$10,350
			\$20,000			\$20,300			\$20,700
			\$59,000			\$59,900			\$61,050

ENTER ALL COST TOTALS ONTO GRAND TOTAL EXHIBIT A5 ON PAGE 18

NOTES:  
 Quotes costs shall be all-inclusive, including but not limited to: any and all anticipated travel costs, lodging, materials, administration expenses, overhead expenses, etc.  
 Cost points will be assigned based on the Grand Total Cost of items 1 through 10.  
 Cost proposals must be on this completed Exhibit A1 to A5 forms. Any modifications to this form or any other form submitted will be considered non-responsive. Any supplemental pricing information attached or referenced will not be considered.

RFP 861  
 Audit Services  
 Cost Proposal Worksheet  
 EXHIBIT A3

VENOR NAME

MILWAUKEE PUBLIC SCHOOLS  
 SUMMARY OF COSTS AND HOURS  
 TWO YEAR PROPOSAL EXTENSION

	2018			2019		
	Estimated Total Hours of the Partner of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee	Estimated Total Hours of the Partner of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee
For fiscal year ended June 30, 2018 and 2019.	95	110	\$81,825	95	110	\$83,450
Financial audit including all funds and account groups	20	70	\$32,950	20	70	\$33,600
Study and evaluation of existing internal control and report thereon	45	355	\$81,825	45	355	\$83,450
Simple audit of federally and state funded programs and report thereon.	15	195	\$26,900	15	195	\$27,450
Audit of each of two defined benefit early retirement pension plans and reports thereon	25	-	\$23,650	25	-	\$24,150
Review of Comprehensive Annual Financial Report	200	730	\$247,150	200	730	\$252,100
TOTAL			Total #7			Total #8

ENTER ALL COST TOTALS ONTO GRAND TOTAL EXHIBIT A5 ON PAGE 18

NOTES:  
 Quoted costs shall be all-inclusive, including but not limited to, any and all anticipated travel costs, lodging, materials, administration expenses, overhead expense, etc.  
 Cost points will be assigned based on the Grand Total Cost of items 1 through 10  
 Cost proposals must be on this completed Exhibit A1 to A5 forms. Any modifications to this form or any other form submitted will be considered non-responsive  
 Any supplemental pricing information attached or referenced will not be considered

RFP 861  
 Audit Services  
 Cost Proposal Worksheet  
 EXHIBIT A4

VENDOR NAME

MILWAUKEE PUBLIC SCHOOLS  
 SUMMARY OF COSTS AND HOURS  
 TWO YEAR PROPOSAL EXTENSION

2019

2020

	Estimated Total Hours of the Partner	Estimated Total Hours of the Manager	Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee		Estimated Total Hours of Senior & Other Staff	Maximum All-Inclusive Fee
Audit of student membership including summer school and report thereon. (Services to be performed only upon DPI or district request.)	10	30	160	\$30,650		160	\$31,250
Audit of Parent Consent and report thereon.	5	15	55	\$10,550		55	\$10,750
Audit of the Integration Transfer Program membership counts and report thereon.	6	20	124	\$21,120		124	\$21,550
<b>TOTAL</b>	<b>21</b>	<b>65</b>	<b>339</b>	<b>\$62,320</b>		<b>339</b>	<b>\$63,550</b>
				<b>Total #9</b>			<b>Total #10</b>

ENTER ALL COST TOTALS ONTO GRAND TOTAL EXHIBIT A5 ON PAGE 18

NOTES:  
 Quoted costs shall be all-inclusive, including but not limited to, any and all anticipated travel costs lodging, materials, administration expenses overhead expense, etc  
 Cost points will be assigned based on the Grand Total Cost of items 1 through 10  
 Cost proposals must be on this completed Exhibit A4 to A5 forms. Any modifications to this form or any other form submitted will be considered non-responsive.  
 Any supplemental pricing information attached or referenced will not be considered

**RFP 861**  
**Audit Services**  
**COST PROPOSAL WORKSHEET**  
**Exhibit A5**

**Vendor** Baker Tilly Virchow Krause, LLP

DELIVERABLE	UNIT OF COST	COST
<b>Total #1</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for financial audit for 2015	\$ <u>234,100</u>
<b>Total #2</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for financial audit for 2016	\$ <u>237,600</u>
<b>Total #3</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for financial audit for 2017	\$ <u>242,350</u>
<b>Total #4</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for student membership audit for 2016	\$ <u>59,000</u>
<b>Total #5</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for student membership audit for 2017	\$ <u>59,900</u>
<b>Total #6</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for student membership audit for 2018	\$ <u>61,050</u>
<b>Total #7</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for extension of financial audit for 2018	\$ <u>247,150</u>
<b>Total #8</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for extension of financial audit for 2019	\$ <u>252,100</u>
<b>Total #9</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for extension of student membership audit for 2019	\$ <u>62,320</u>
<b>Total #10</b> -Costs as proposed in response to Section 1.2	Vendor to quote total cost of fees for extension of student membership audit for 2020	\$ <u>63,550</u>
<b>Vendor to quote Grand Total of Costs #1-#10 inclusive listed above to comply with all requirements of Section 1.2</b>	<b>Vendor to quote Grand Total of all costs listed above.</b>	\$ <u>1,519,120</u>