

**REQUEST FOR PROPOSAL
TO AUDIT
RFP#**

INSTITUTION

INSTITUTION LOGO/SEAL

State Board for Technical and Comprehensive Education

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TECHNICAL COLLEGE REQUEST FOR PROPOSAL OF AUDITING SERVICES

I. INFORMATION FURNISHED BY THE REQUESTOR

Requestor's Address and Recipient of Proposals

The Requestor is:

INSTITUTION, ADDRESS

Representing the requestor for receipt of proposals is: **STAFF MEMBER, Purchasing Manager**

Hand Deliver or Common Carrier to:
INSTITUTION, LOCATION

Mail to:
INSTITUTION, MAILING ADDRESS

Questions concerning the proposal should be directed to:

STAFF MEMBER, ADDRESS, TELEPHONE, EMAIL

To qualify for consideration, one original and four (4) copies of your proposal and one copy of your latest external quality review report along with any written comments must be received at the office designated above by TIME & DATE. Bids must be sealed and labeled NAME OF PROPOSAL on the outside of the package. Late proposals will be rejected as not meeting the mandatory RFP requirements. Your proposal must comply strictly to the required format. The proposer selected will be announced by DATE.

The deadline for submission of written questions is DATE & TIME. Emails dated prior to this date and time will be accepted. The College is not under any obligation to respond to questions submitted after the deadline for written questions, but reserves the right to do so. Questions should be submitted electronically to **STAFF MEMBER** with "Questions: NAME OF PROPOSAL" in the subject line of the email.

Nature of Services Required

Each proposal must address the conduct of an audit and expression of an opinion upon the financial statements of the College for the years ended June 30, 20XX, 20XX and 20XX. The audit must be performed in accordance with auditing standards generally accepted in the United States of America, the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The audit must also include audit procedures to ensure that the College has complied with State laws, rules and regulations that could materially affect the basic financial statements and the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of the College's major federal programs. The audit of the financial statements must also comply with the Financial Reporting Guide for the STATE Technical College System and the Office of the Comptroller General's Policies – Financial Statements Incorporated into the State CAFR.

The successful proposer must make arrangements with the College to physically observe year-end inventories at June 30 of each contract year if, in the auditor's opinion, such inventories are material and not observing them would affect the opinion on the financial statements.

The College may request the successful proposer's assistance with technical issues from time to time (e.g. reviewing policy and presentation issues, providing guidance related to the implementation of new GASB pronouncements, etc.). The proposal must specify hourly rates, by staff level, for providing such services.

The Comptroller General of STATE issues an annual Comprehensive Annual Financial Report (CAFR), and the Comptroller General will utilize the College's audited financial statements when preparing the State CAFR. Therefore, it is extremely important that the mandatory final delivery date set out in this RFP be met.

Description of Entity and Records to be Audited

The College is physically located at **ADDRESS**. The accounting records are processed on a Red Hat Enterprise utilizing a Linux operating system.

Revenues and expenses for Fiscal Year 20XX were as follows:

<u>REVENUES</u>	<u>FYXX</u>
Student tuition and fees (net of scholarship allowances of \$)	
Federal grants and contracts	
State grants and contracts	
Nongovernmental grants and contracts	
Auxiliary enterprises (net of scholarship book allowances of \$)	
Other operating revenues	
Total operating revenues	

EXPENSES

Operating Expenses:

Salaries	
Benefits	
Scholarships	
Utilities	
Supplies and Other services	
Auxiliary Resale Costs	
Depreciation	
Total operating expenses	
Operating Income (Loss)	

NONOPERATING REVENUES (EXPENSES)

State appropriations

Local appropriations

Interest income

Interest on capital asset-related debt

Federal grants and contracts

State grants and contracts

Other non-operating revenues

 Net non-operating revenues

 Income (Loss) before other revenues, expenses, gains or losses

State capital appropriations

Local capital appropriations

Capital grants and gifts

 Increase in net position

Student Aid Expenditures for 20XX were as follows:

 College Work Study Program

 S.E.O.G.

 PELL Grant Program

 Federal Direct Student Loan Program

 Lottery Tuition Assistance

The financial statements as of and for the year ended June 30, 20XX, represent all activities of the College. The College currently has one component unit, which is the **INSTITUTION** Foundation. This separately chartered organization is not included in the financial statements, but the College's statements include transactions between the College and this related party. For the current year ended, the College has an unqualified opinion which is consistent with prior years. Additionally the College has been awarded a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for thirteen consecutive years.

Assistance Available to Proposer

Previous audit work papers will be made available to the successful proposer. Arrangements to obtain the work papers must be made with NAME and FIRM CONTACT INFORMATION.

The State Board for Technical and Comprehensive Education has an internal auditing staff, and all internal audit reports and/or work papers are available to the successful proposer on request.

Accounting staff will be available to prepare schedules on a reasonable basis. Accounting staff generally will pull requested documents. Data processing staff, equipment, and generalized user software will be available for auditing purposes on a reasonably scheduled basis.

Report Requirements

The reports are to be addressed to the INSTITUTION Area Commission. The audit report on the financial statements must describe the nature of the audit and that the audit was performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the

Comptroller General of the United States. The report must include an opinion as to whether the statements conform to accounting principles generally accepted in the United States of America. In addition, a Schedule of Expenditures of Federal Awards (SEFA) as required by OMB Circular A-133 must be included. At a minimum, the SEFA shall:

- 1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list the individual Federal programs.
- 2) Provide the name of the pass-through entity and identifying number assigned by the pass-through entity for Federal awards received as a subrecipient,
- 3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- 4) Include notes that describe the significant accounting policies used in preparing the schedule.
- 5) Identify in the schedule the total amount provided to subrecipients from each Federal program.
- 6) Include the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. It is preferable to present this information in the schedule, but it may be presented in a note to the schedule.

The College will report as a business- type activity. The basic financial statements will consist of the following: (a) Management's Discussion and Analysis (MD&A), (b) Statement of Net Position, (c) Statement of Revenues, Expenses, and Changes in Net Position, (d) Statement of Cash Flows, and (e) Notes to the Financial Statements. The Foundation is governed by the standards promulgated by the Financial Accounting Standards Board, so the College will include the Foundation's Statement of Net Assets and Statement of Activities on separate pages following the College's Statement of Cash Flows but preceding the Notes to the Financial Statements.

A management letter, if required, should include a statement of audit findings and recommendations affecting the financial statements, internal control, accounting system, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters.

The report must include specific statements indicating whether conditions noted in prior auditor's comments or findings have been corrected or still exist.

Time Considerations and Requirements

Written Questions must be submitted no later than **TIME & DATE**.

Proposals must be submitted no later than **TIME & DATE**.

The firm selected will be announced by **TIME & DATE**.

Audit work can be commenced at a date mutually agreed upon by the successful proposer and the College. Work on any given year's audit must not be started prior to notification by the College that funds are available.

The final report and management letter, if applicable, must be submitted to the College no later than 5:00 p.m. on September 15th each year. If September 15th falls on a weekend day, the report and letter are due by 2:00 PM on the Friday prior to the 15th. If the 15th falls on a holiday when the school is closed, the report and letter are due by 5:00 PM on the business day prior to the 15th. The College is to be given an opportunity to provide a written response to the current management letter and to any finding of noncompliance as well as an opportunity to provide the OMB Circular A-133 required comments on the status of corrective action taken on prior findings or, if corrective action is not necessary, to make a statement describing the reason. Management's responses must be included in the bound reports when issued. If requested by the Chairman of the Area Commission, the auditor will be available to brief the members of the Commission concerning all findings and recommendations.

Distribution of the audit reports to the System President of the State Board for Technical and Comprehensive Education and the State Comptroller General's Office, as listed in the following table, must be concurrent with the distribution of the required number of audit reports to the Chair of the Area Commission and the College. Distribution of the audit reports is the responsibility of the College, and must be accomplished no later than September 30 each year as specified in Section 59-53-52 (15) of the STATE Code of Laws.

These are absolute deadlines because the audited financial statements will be incorporated in the STATE Comprehensive Annual Financial Report.

Recipient	Number of Reports
Chair of the Area Commission	Specified locally
College	Specified locally - also include one report for each direct federal funding source, each pass-through funding source of federal funds, and for each non-federal funding source if required by contract or agreement.
NAME, System President State Board for Technical and Comprehensive Education ADDRESS	One copy of: <ul style="list-style-type: none"> a. The basic financial statements, b. The accompanying management letter along with management's responses to any findings.
NAME Comptroller General's Office Central State Financial Reporting Division ADDRESS	One copy submitted via email in .pdf format to

Contractual Arrangements

The College will issue an award letter to the successful proposer immediately following selection by the College and approval by the State Auditor.

The award letter will specify the maximum fee to be paid for performance of the proposed audit as set forth in the successful proposal for each of the five fiscal years ended June 30, 20XX, 20XX, 20XX, 20XX, and 20XX, subject to the availability of funds.

Any expansion of services resulting in an increase in the maximum fee **must have the prior written approval** of the President of the College and the State Auditor's Office. Full justification with an estimate of revised cost must be provided. The contract maximum will not be exceeded unless there is mutual agreement that the factors justifying the increase are realistic and were not foreseeable at the time of contract negotiations.

Progress billings will be accepted up to 50% of the total fee. Billings are to be based on percent of completion. Billing for the final 50% of the fee will be accepted upon delivery of the bound reports. The College reserves the right to adjust the percentages (up or down) based on your meeting agreed delivery dates in previous year(s). All invoices must include your Federal Employer Identification number.

Working Papers

The successful proposer must retain working papers for three years and must make all working papers physically available, without charge, to the auditor who audits the subsequent fiscal year. If requested, the working papers must be made available for examination by representatives of the State Board for Technical and Comprehensive Education, the Office of the State Auditor, or the Federal government.

Right to Reject

The College reserves the right to reject any and all proposals submitted and to request additional information from all proposers. Any award made will be made to the firm which, in the opinion of management of the College and of the Office of the State Auditor, is best qualified.

II. INFORMATION REQUESTED FROM THE PROPOSER

To simplify the review process and obtain the maximum degree of comparison, we require that proposals be organized in the manner specified by the RFP. The following outline includes all the information called for in the RFP. Where the words "state" or "affirm" appear, the proposer is required to literally make a statement or affirmation.

Title Page

Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of the contact person, and the date.

Table of Contents

Include a clear identification of the material by section and by page number.

Letter of Transmittal

Limit to one or two pages.

1. Briefly state the proposer's understanding of the work to be performed and make a positive commitment to perform the work within the time period.
2. State the following regarding fees for the work that will be performed:
 - a. State the all-inclusive fee for which the audit work will be performed for the contract period.
 - b. State that the all-inclusive fee includes all out of pocket costs for the contract period.
 - c. State a separate all-inclusive fee for each of the five years to be audited.
 - d. State separate hourly rates by staffing and skill level for requested assistance with technical issues.
3. State that the College or the successful proposer can cancel this agreement, without cause, by written notice delivered no less than 120 calendar days prior to any fiscal year end.
4. State the names of the persons who will be authorized to make representations for the proposer, their titles, addresses, telephone numbers, fax numbers and email addresses.
5. State that the person signing the letter will be authorized to bind the proposer.
6. State the name of the partner assigned to this engagement and, also, the partner assigned the responsibility for the quality of the report and working papers. Give their telephone numbers, fax numbers, and email addresses.

7. State that the partner(s) and auditor-in-charge assigned to this engagement will be furnished copies of this RFP and their attention will be specifically directed to the following captions in Section I:

Nature of Services Required

Report Requirements

Time Considerations and Requirements

Contractual Arrangements

Working Papers

Profile of the Proposer

1. State whether the firm is local, regional, national or international.
2. State the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as auditing, accounting, tax service, or management services.

Mandatory Criteria

1. Affirm that the proposer is a properly licensed certified public accountant.
2. Affirm that the proposer is either currently licensed in STATE or is a nonresident properly registered under Section ___ of the STATE Code of Laws, as amended, and the associated Regulation ___. An affirmation that a nonresident proposer will become properly registered prior to commencing work will be acceptable.
3. Affirm that the proposer meets the independence standards of the Government Auditing Standards, issued by the Comptroller General of the United States.
4. Affirm that the proposer does not discriminate in employment of persons upon the basis of race, color, creed, national origin, sex, age or physical handicap.
5. Certify that, in accordance with Section __ through __ of the STATE Code of Laws, as amended, you will provide a drug-free workplace during the term of this contract.
6. Affirm that the audit will be completed and delivered within seventy-five (75) days of the close of the fiscal year. Meeting this deadline is necessary to allow timely completion of both the State Board for Technical and Comprehensive Education annual audit and the audit of the STATE Comprehensive Annual Financial Report (CAFR). Please note that the deadlines are absolute, as the audited financial statements will be incorporated in the CAFR.

Summary of Proposer's Qualifications

1. Identify the partner and supervisors who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the partner and each supervisory person to be assigned to the audit should be included. Specify governmental CPE attended in the past 24 months by the partner(s) and auditor-in-charge to be assigned to this audit. (The resumes may be included as an appendix.)
2. Provide three references from recent local or regional office higher education audit clients and give the names and telephone numbers of client officials responsible for the audits listed.
3. State that your firm is aware of the current GAO Yellow Book requirements concerning continuing education and peer review and that you will be in compliance with them during the term of this contract.

Proposer's Approach to the Audit

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

1. Financial Audit

- a. State that the audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the provisions of Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Office of the Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- b. State that the primary purpose of the audit is to express an opinion on the financial statements and that an audit is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the College President. Finally, state that no extended services will be performed unless they are authorized in writing by the College President, under the conditions outlined under the "Contractual Arrangements" in Section I of this Request for Proposal. State that any additional charges must have prior approval of the State Auditor.

2. Compliance Audit

State that in accordance with the auditing standards set forth in Section I of the RFP, "Nature of Services Required," the proposer will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

Compensation

State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee, including out-of-pocket costs, for which the requested work will be done. A separate all-inclusive fee must be stated for each of the five years. State a separate hourly fee by staffing and skill level for requested assistance with technical issues.

Progress billings will be accepted up to 50% of the total fee. Billings are to be based on percent of completion. Billing for the final 50% of the fee will be accepted upon the delivery of the bound reports and proof of mailing to the required lists. The College reserves the right to adjust the percentages (up or down) based on your meeting agreed delivery dates in previous years. All invoices must include your Federal Employer Identification Number.

Additional Data

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should not be included. If there is no additional information to present, state "There is no additional information we wish to present."

II. EVALUATION OF PROPOSALS

The following factors will be considered during our evaluation.

Technical Factors

1. Responsiveness of the proposal in clearly stating understanding of the work to be performed, including making all required statements and affirmations. Evaluators will consider:
 - Appropriateness and adequacy of proposed procedures.
 - Necessity of procedures.
 - Reasonableness of time estimates.
 - Appropriateness of assigned staff levels.
 - Timeliness of expected completion.
2. Technical experience of the firm.
3. Qualifications of staff, including recent pertinent continuing education.
4. Size and structure of the firm.
5. The Technical College System's prior experience with the firm, with emphasis on report and work paper quality, and track record of meeting agreed upon delivery dates.

Cost Factors

Although cost is a significant factor, our general approach is to first identify all qualified, responsive proposers and then to award the audit to the lowest proposer in that group.

If there is reason to believe that an unreasonably low proposal has been made, it will be rejected. One method of measuring reasonableness is to divide the proposed cost by a reasonable average hourly rate to show hours of effort that might be expected.

Any proposal which does not include all the required statements and affirmations called for in Section II may automatically be rejected as not being responsive.

PROPOSAL EVALUATION WORKSHEET

COLLEGE: _____ YEAR(S) COVERED BY PROPOSAL: _____

PROPOSING FIRM: _____ EVALUATOR: _____ DATE: _____

PAGE #	RESPONSIVE RFP REQUIREMENT	EVALUATOR'S COMMENTS	YES	NO
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EVALUATOR'S CONCLUSION:

PRICE