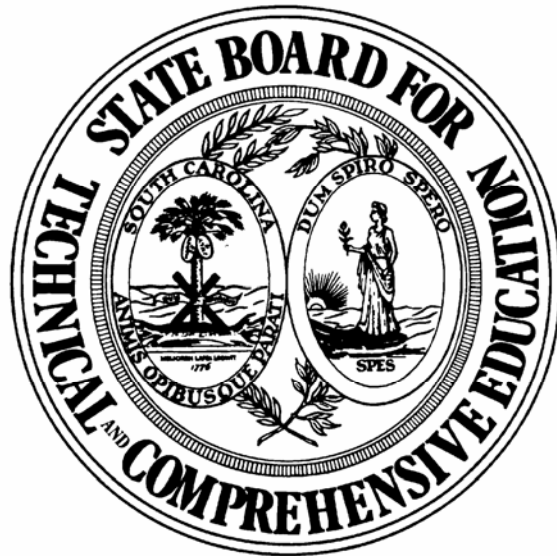


# REQUEST FOR PROPOSAL TO AUDIT

*College Name*



State Board for Technical and Comprehensive Education

# TABLE OF CONTENTS

<b>I. INFORMATION FURNISHED BY THE REQUESTOR</b>	<b>Page</b>
Requestor's Address and Recipient of Proposals .....	1
Nature of Services Required .....	1
Description of Entity and Records to be Audited .....	2
Assistance Available to Proposer .....	4
Report Requirements .....	4
Time Considerations and Requirements .....	5
Contractual Arrangements .....	6
Working Papers .....	6
Right to Reject.....	6
<b>II. INFORMATION REQUESTED FROM THE PROPOSER</b>	
Title Page.....	6
Table of Contents .....	6
Letter of Transmittal.....	6
Profile of the Proposer .....	7
Mandatory Criteria .....	7
Summary of Proposer's Qualifications .....	8
Proposer's Approach to the Audit.....	8
Compensation.....	8
Additional Data.....	9
<b>III. EVALUATION OF PROPOSALS</b>	
Technical Factors .....	9
Cost Factors.....	9
Evaluation Worksheet .....	10

# **TECHNICAL COLLEGE REQUEST FOR PROPOSAL OF AUDITING SERVICES**

## **I. INFORMATION FURNISHED BY THE REQUESTOR**

### **Requestor's Address and Recipient of Proposals**

The Requestor is:

\_\_\_\_\_ (college)

\_\_\_\_\_ (address)

\_\_\_\_\_ (address)

Questions concerning the proposal should be directed to:

\_\_\_\_\_ (name)

\_\_\_\_\_ (title)

\_\_\_\_\_ (address)

\_\_\_\_\_ (address)

\_\_\_\_\_ (phone)

\_\_\_\_\_ (e-mail address)

To qualify for consideration, three 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 5:00 p.m. on \_\_\_\_\_ (due date) \_\_\_\_\_. 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) \_\_\_\_\_. A proposer's conference will be held at \_\_\_\_\_ (time and location) \_\_\_\_\_ on \_\_\_\_\_ (date) \_\_\_\_\_. Representative(s) of the requestor will meet with prospective proposer to answer questions about the RFP and to make available for an on-site inspection the previous year's audited financial statements and related reports, reference publications, and a sample of the accounting records.

### **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, 2007, 2008, 2009, 2010, and 2011. 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 South Carolina Technical College System and the Office of the Comptroller General's Policies – Financial Statements Incorporated into the State CAFR. In addition, the scope of the audit must include validation of lottery funds and award eligibility under the State's Lottery Tuition Assistance Program. The successful bidder must express an opinion on compliance with eligibility criteria for the Lottery Tuition Assistance Program in a manner consistent with the compliance reporting requirements of Title IV and other financial aid.

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.

From time to time the College may require assistance from the successful proposer to assist with technical issues. For

example, the College may request the successful proposer's assistance in reviewing policy and financial reporting issues related to new GASB pronouncements. The proposal must specify an hourly rate for providing such consultant services by staffing and skill level.

**Each proposal must address itself to the following services:**

- Additional auditing or accounting services either to supplement audit services or due to a material change in the scope of required services.
- Assistance in reviewing policy and financial reporting issues related to new GASB pronouncements.
- Assessment of internal control related to automated administrative systems.
- Assistance with federal and related costing issues.
- Assistance in tax issues for higher education institutions.
- Assistance in bond issue topics.
- Assistance in identifying and implementing best business practices for higher education institutions.
- Other consulting services offered to higher education.

The successful proposer may provide additional professional services to address areas of special emphasis defined by the College. Optional professional services must be specified on an hourly rate by staffing and skill level.

The Comptroller General of South Carolina issues an annual Comprehensive Annual Financial Report (CAFR) for the State of South Carolina, 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 \_\_\_\_\_. The accounting records are processed on a \_\_\_\_\_ utilizing a \_\_\_\_\_ operating system.

Revenues and expenses for Fiscal Year 2006 were as follows:

REVENUES

Student tuition and fees (net of scholarship allowances of \_\_\_\_\_)

Student tuition and fees pledged for revenue bonds (net of scholarship allowances of \_\_\_\_\_)

Federal grants and contracts

State grants and contracts

Local grants and contracts

Nongovernmental grants and contracts

Sales and services of educational departments

Auxiliary enterprises (net of scholarship allowances of \_\_\_\_\_)

Other operating revenues

Total operating revenues

EXPENSES

Operating Expenses:

Salaries

Benefits

Scholarships

Utilities

Supplies and Other services

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

Local grants and contracts

Gifts

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

Loss) on disposal of capital assets

Additions to permanent endowments

Transfers to State General Fund

Increase in net assets

Student Aid Expenditures for 2006 were as follows:

College Work Study Program

S.E.O.G.

PELL Grant Program

Lottery Tuition Assistance

The financial statements as of and for the year ended June 30, 2006, represent all activities of the College. The College currently has no related parties that are considered to be component units. However, the College is promoted

and supported through activities of the \_\_\_\_\_ 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.

[OR]

The financial statements as of and for the year ended June 30, 2006, represent all activities of the College. The College presents the \_\_\_\_\_ Foundation as a discretely presented component unit under the requirements of GASB Statement No. 39.

### **Assistance Available to Proposer**

Previous audit work papers will be made available on site to the successful proposer. Arrangements to obtain the work papers must be made with (contact name, CPA firm, address and phone number).

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 (or) will not be available for auditing purposes.

### **Report Requirements**

The reports are to be addressed to the \_\_\_\_\_ 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 Assets, (c) Statement of Revenues, Expenses, and Changes in Net Assets, (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**

The proposers conference will be held at \_\_\_\_\_ (specify time, day of week, month, day, and year.)

Proposals must be submitted no later than \_\_\_\_\_ (specify time, day of week, month, day, and year.)

The firm selected will be announced by \_\_\_\_\_ (specify time, day of week, month, day, and year.)

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.

A preliminary typed draft of the report and management letter, if applicable, must be submitted to the College no later than 5:00 p.m. on \_\_\_\_\_. A formal exit conference is to be held with the President of the College and the Vice President for Business Affairs as soon as the preliminary draft is available. 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 contracting audit firm, and must be accomplished no later than September 30 each year as specified in Section 59-53-52 (15) of the South Carolina Code of Laws. This is an absolute deadline, because the audited financial statements will be incorporated in the South Carolina Comprehensive Annual Financial Report.

**These are absolute deadlines because the audited financial statements will be incorporated in the South Carolina 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.
Dr. Barry W. Russell, System President State Board for Technical and Comprehensive Education 111 Executive Center Drive Columbia, SC 29210	Three copies for use by:  State Tech Finance State Tech Field Audit State Auditor's Office
Ms. Jean Pinckney Comptroller General's Office Central State Financial Reporting Division Wade Hampton Office, Room 484 1200 Senate Street Columbia, SC 29201	One Copy

### **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, 2007, 2008, 2009, 2010, and 2011, 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 at the audit site, 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.
  - b. State that the all-inclusive fee includes all out of pocket costs.
  - 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 consulting services.
3. State that the College or the successful proposer can cancel this agreement, without cause, by written notice delivered no less than 60 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 South Carolina or is a nonresident properly registered under Section 40-2-250 of the 1976 South Carolina Code of Laws, as amended, and the associated Regulation 1-10. 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 44-107-10 through 44-107-90 of the 1976 South Carolina 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 ninety (90) 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 South Carolina 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 supervisors who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for 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. Describe the recent local and regional office auditing experience similar to the type of audit requested and give the names and telephone numbers of client officials responsible for three of 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 consulting.

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, it will not be the dominant factor. Cost will be given more importance when all the other evaluation criteria are relatively equal. 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 will 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
6	Title Page			
6	Table of Contents			
6	Letter of Transmittal			
6	1.			
6	2.			
6	3.			
6	4.			
6	5.			
6	6.			
6	7.			
7	Profile of the Proposer			
7	1.			
7	2.			
7	3.			
7	Mandatory Criteria			
7	1.			
7	2.			
7	3.			
7	4.			
7	5.			
7	6.			
8	Summary of the Proposer's Qualifications			
8	1.			
8	2.			
8	3.			
8	Proposer's Approach to the Audit			
8	1.Financial Audit			
8	a.			
8	b.			
8	2.Compliance Audit			
8	Compensation			
8	1.			
8	2.			
8	3.			
8	4.			
8	5.			

**EVALUATOR'S CONCLUSION:**

**PRICE**