

**SOUTHWEST MINNESOTA PRIVATE INDUSTRY COUNCIL, INC.**

**Request for Proposal  
for Audit Services**

**FOR THE PERIOD**

**7/ 1/2018 to 6/30/2019**

**INQUIRIES AND PROPOSALS SHOULD BE DIRECTED TO:**

Name: Carrie Bendix, Executive Director

OR Pamela Russell, Fiscal Manager

Entity: Southwest Minnesota Private Industry Council, Inc.

Address: Lyon County Courthouse, 3<sup>rd</sup> Floor  
607 West Main Street  
Marshall, MN 56258

Phone: (507) 476-4060

# Proposal Guidelines

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## CERTIFICATIONS

# Proposal Guidelines

## I. GENERAL INFORMATION

### A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year ending June 30, 2019. The proposal includes an option for two additional years and may be extended for an additional three-year period for a potential total of six years.

### B. Who May Respond

Only licensed Certified Public Accountants may respond to this RFP.

### C. Instructions on Proposal Submission

#### 1. Closing Submission Date

A total of three copies of each proposal must be submitted.

Proposals must be received by the SW MN PIC at the Lyon County Courthouse, 607 West Main Street, Marshall, MN, 56258, no later than 4:00 p.m. on March 1, 2019.

#### 2. Inquiries

Inquiries concerning this RFP should be directed to Carrie Bendix, Executive Director, or Pamela Russell, Fiscal Manager.

#### 3. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by the SW MN PIC.

#### 4. Instructions to Prospective Contractors

Your proposal should be addressed as follows:

Name: Carrie Bendix, Executive Director  
OR Pamela Russell, Fiscal Manager

Entity: Southwest Minnesota Private Industry Council, Inc.

Address: Lyon County Courthouse, 3<sup>rd</sup> Floor  
607 West Main Street  
Marshall, MN 56258

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal  
4:00 p.m.  
Sealed Proposal  
For Audit Services

#### 5. Electronic Submissions

Proposals can be submitted electronically to the following email address(es) by the closing submission date noted above.

[cbendix@swmpic.org](mailto:cbendix@swmpic.org) OR [prussell@swmpic.org](mailto:prussell@swmpic.org)

## Proposal Guidelines

### C. Instructions on Proposal Submission (continued)

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Offeror to ensure that the proposal is received by the SW MN PIC by the date and time specified.

Late proposals will not be considered.

#### 6. Right to Reject

The SW MN PIC reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

#### 7. Small and/or Minority-Owned Businesses

Efforts will be made by the SW MN PIC to utilize small businesses and minority-owned businesses. An Offeror qualifies as a small business firm, if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

#### 8. Notification of Award

- a. It is expected that a decision selecting the successful audit firm will be made within ninety (90) days of the closing date for the receipt of proposals.
- b. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of the name of the award decision.
- c. It is expected that the contract shall be a three-year fixed price contract, with an option to extend for an additional three-year period, for a potential total of six years.

### D. Description of Entity and Records to be Audited

The Southwest Minnesota Private Industry Council, Inc. is a private nonprofit corporation and has been determined exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is governed by a 7-member volunteer Board of Directors. The SW MN PIC delivers the Federal Workforce Innovation and Opportunity Act (WIOA) and Federal, State and local employment and training programs to fourteen counties in Southwest Minnesota. The SW MN PIC has offices in Marshall, Montevideo and Worthington, with 9 -11 staff each, who provide direct client services. The corporate Administrative office is located in Marshall with a staff of 8.

All funds of the corporation are deposited and disbursed through the Administrative office. A general checking account is used for all funds with an imprest payroll account, and money market savings accounts. In PY17 approximately 2,200 checks were written from the general account and 1,700 checks from the payroll account. Deposits from the State of Minnesota are direct-deposited. Staff payroll checks are also direct-deposited into employee accounts. Also, some vendor payments are made by automatic withdrawal.

All accounting records are automated using MIP Fund Accounting software including the use of the payroll module. All accounting records and supporting documentation are located in the Marshall Administrative office.

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In August 2006, the SW MN PIC purchased and renovated a building in Montevideo for office use. A total of five long-term notes/loans financed a majority of the purchase. As of June 30, 2018, the principal amounts of the two remaining notes summarized in Notes Payable totaled ~\$117,700.

**E. Options**

At the discretion of the SW MN PIC, this audit contract can be extended for an additional three-year period for a potential total of six years. The cost for the option period will be agreed upon by the SW MN PIC and the Offeror. It is anticipated that the cost for the optional years will be based upon the same approximate cost per thousand dollars of audited expenditures as the contract for the prior fiscal year.

**F. Termination**

Either party to this audit contract may terminate it by giving no less than thirty (30) days written notice, unless otherwise agreed by both parties, of the intent to terminate the contract agreement. In the event of termination, the Offeror/Vendor shall be reimbursed by the SW MN PIC for all services actually, timely, and faithfully rendered up to the receipt of the notice of termination and thereafter until the date of termination.

## Proposal Guidelines

<b>II. SPECIFICATION SCHEDULE</b>
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**A. Scope of a Financial and Compliance Audit**

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror" to perform a financial and compliance audit of the SW MN PIC.

**B. Description of Programs/Contracts/Grants**

In PY17, the SW MN PIC reported Federal expenditures totaling \$1,700,024 for 10 CFDA #s under ~ 20 contracts, and \$3,496,750 for State and other funds under ~ 20 contracts/agreements. Many of the grants are from the Minnesota Department of Employment & Economic Development (DEED).

**C. Performance**

The SW MN PIC's records should be audited through June 30, 2019.

The Offeror is required to prepare audit reports in accordance with:

- *Government Auditing Standards*
- *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance")*
- *Single Audit Act Amendment of 1996*

and - auditing standards generally accepted in the United States of America.

Audit work required under this RFP, will begin at a date mutually agreed upon in the audit contract resulting from the Offeror selection under this RFP.

The Offeror shall, upon written request of the SW MN PIC, furnish a written progress report within 10 calendar days of receipt of the request.

**D. Delivery Schedule**

The Offeror is to transmit copies of the draft audit report to the SW MN PIC's Executive Director, Fiscal Manager and Board of Directors. The draft audit report is due by the third Wednesday in November following the close of the fiscal year.

The Offeror shall deliver final audit reports to the SW MN PIC's Board of Directors no later than the third Wednesday in December, following the close of the fiscal year.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports that do not conform to all of the provisions of this contract, the SW MN PIC may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

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### E. Price

The Offerer's proposed price should be submitted in the format of **Attachment A**. Specifically, include a not-to-exceed total fee, a fee per service (audit services, tax services, etc.), and average billing rates by position. Any out-of-pocket expenses should also be indicated.

### F. Payment

Payment will be made when the SW MN PIC has determined that the total work effort has been satisfactorily completed. Should the SW MN PIC reject a report, the SW MN PIC's authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject draft or final audit reports will be throughout the contract period until 120 calendar days after receipt of the Offeror's final invoice for payment.

Progress payments will be allowed to the extent that the SW MN PIC can determine that satisfactory progress is being made.

Upon delivery of the final reports to the SW MN PIC and their acceptance and approval, the Offeror may submit an invoice for the balance due on the contract for the audit.

### G. Audit Review

All audit reports prepared under this contract will be reviewed by the SW MN PIC and its funding sources to ensure compliance with General Accounting Office's (GAO) *Government Auditing Standards* and other appropriate audit guides.

### H. Exit Conference

An exit conference with the SW MN PIC's representatives and the Offeror's Representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with the SW MN PIC. It should include internal control and program compliance observations and recommendations.

### I. Workpapers

1. Upon request, the Offeror will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs as well as any analysis of the problem.
2. The workpapers will be retained for at least three years from the end of the audit period.
3. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and the SW MN PIC.

### J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to the SW MN PIC, the Offeror agrees not to publish, reproduce, or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are

## Proposal Guidelines

necessary to restrict access to the information, while in the Offeror's possession, to these employees on the Offeror's staff who must have the information on a "need-to-know" basis.

The Offeror agrees to immediately notify, in writing, the SW MN PIC's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

### **K. AICPA Professional Standards**

The AICPA Professional Standards state:

Ethics Interpretation 501-3 - Failure to follow standards and/or procedures or other requirements in governmental audits.

Engagements for audits of government grants, government units, or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules, and regulations, in addition to generally accepted auditing standards, he or she is obligated to follow such requirements.

Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his or her report the fact that such requirements were not followed and the reasons therefor.



# Proposal Guidelines

## III. OFFEROR'S TECHNICAL QUALIFICATIONS

The Offerer's "Technical Proposal" shall be organized into sections according to the criteria specified below. Forms have been provided with the RFP package to insure that the Offeror addresses the specific technical requirements considered to be of significance by the auditee and to facilitate review of the proposal. Failure to use the prescribed format will be reflected in the technical score. However, additional material may be presented with the narratives where appropriate.

The technical proposal shall include, but not be limited to, the following:

### A. Prior Auditing Experience

The Offerer's should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited in the format of **Attachment B**. Experience should include the following categories:

1. Prior experience auditing 501(c)(3) private nonprofit corporations.
2. Prior experience auditing similar programs funded by the State of Minnesota.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar county or local government activities.
5. Prior experience auditing nonprofit organizations.

### B. Organization, Size and Structure

The Offeror shall describe its organization, size (in relation to audits to be performed) and structure. Description should include:

1. Size of the Offeror, including number of employees and physical site locations.
2. Explanation of independence.
3. Any conflicts of interest that exist.
4. Results of peer review.
5. Explanation if the Offeror is a small or minority-owned business or women's business enterprise.

### C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members. Include resumes of only the staff to be assigned to the audits. Include education, position in firm, years with the firm, industry-specific experience, and training on the recent Uniform Guidance.

### D. Audit Approach to Engagement

The Offeror should describe its approach of the work to be performed, including audit procedures, estimated hours, and other pertinent information.

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### D. Audit Approach to Engagement (continued)

#### 1. Work Plan

- a. Describe the audit plan the Offeror would expect to use including a general description of the amount and types of audit test procedures to be performed.
- b. Provide estimates of work hours needed to complete the audit steps and estimated dates for the start of the audit field work and for delivery of draft and final reports.
- c. Identify in detail the amount and type of assistance expected from the auditee doing each phase of the audit.

#### 2. Project Management

The Offeror shall describe the overall management approach and supervision to be provided. Supervisors and staff must be identified by name, title, and firm, with an estimate of total time to be spend and the time spent at the audit site for each **(Attachment C)**. The Offeror must also describe the quality control system to be used to review work papers and audit reports before submission and identify the persons performing each level of review.

#### 3. Contents of Audit Reports

The audit will include reports required in accordance with the *Government Auditing Standards*, Single Audit Act Amendment of 1996 and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“Uniform Guidance”), as well as any additional requirements of other granting agencies.

### E. Certifications

The Offeror must sign and include, as an attachment to its proposal, the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by the SW MN PIC, because the SW MN PIC desires to contract only with an Offeror who is already familiar with these publications.

## Proposal Guidelines

<b>IV. PROPOSAL EVALUATION</b>
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**A. Submission of Proposals**

If submitted by hard copy, all proposals shall include three copies of the Offeror's technical qualifications, three copies of the pricing information and three copies of the signed Certifications.

If the proposal is submitted electronically, an attachment(s) with one copy of each of these documents should either be attached or faxed to the SW MN PIC.

These documents will become part of the contract.

**B. Nonresponsive Proposals**

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the *Government Auditing Standards* of the U.S. Comptroller General.

**C. Proposal Evaluation**

Evaluation of each proposal will be scored on the following six factors:

Criteria	Point Range
1. Prior audit experience.	
a. Prior experience auditing 501(c)(3) nonprofit organizations.	0 - 15
b. Prior experience auditing similar programs funded by the State of Minnesota.	0 - 10
c. Prior experience auditing nonprofit organizations	0 - 5

The SW MN PIC will contact prior audited organizations to verify the experience provided by the Offeror.

2. Value-Added Services Beyond the Audit	0 - 5
3. Organization, size, and structure of Offeror's firm.	
a. Adequate size of the firm	0 - 2
b. Proper independence	0 - 2
c. No conflicts of interest	0 - 2
d. Results of peer review	0 - 2
e. Minority-owned/small business/women's business enterprise	0 - 2

# Proposal Guidelines

## C. Proposal Evaluation (continued)

4. Qualifications of staff to be assigned to the audit to be performed. This will be determined from resumes submitted. Include education, position in firm, and years and types of experience.	
a. Prior experience of the individual audit team members	0 – 15
b. Overall supervision to be exercised	0 – 5
5. Offeror’s audit approach to the engagement	
a. Adequate coverage	0 – 10
b. Realistic time estimates of each audit step	0 – 5
6. Price	<u>0 - 20</u>
<b>Maximum Points</b>	<b>100</b>

## D. Review Process

In compliance with Uniform Guidance 2 CFR Part 200.319 – Competition, the SW MN PIC has conducted this procurement in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference.

The SW MN PIC may, at its discretion, request presentations by, or meetings with any or all Offerors, to clarify or negotiate modifications to the Offeror’s proposals.

However, the SW MN PIC reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

The SW MN PIC contemplates award of the contract to the responsible Offeror with the highest total points.

## CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before           (date of licensing)          .
- G. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards*.
- H. The individual signing certifies that he/she is aware of and will comply with the GAO's continuing education requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.
- I. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- J. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
  - 1. *Government Auditing Standards* (Yellow Book)
  - 2. *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance")
  - 3. *Audits of Non-for-Profit Entities* (AICPA Audit Guide)
  - 4. *Audits of State and Local Governments* (AICPA Audit Guide)
- K. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.

- L. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended for doing work with any federal, state, or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
(Offeror's Firm Name)

\_\_\_\_\_  
(Signature of Offeror's Representative)

\_\_\_\_\_  
(Printed Name and Title of Individual Signing)

**Attachment A**

**SOUTHWEST MINNESOTA PRIVATE INDUSTRY COUNCIL, INC.**  
**Audit Contract Bid Form**

Name of Firm

\_\_\_\_\_

Phone Number

\_\_\_\_\_

Audit Firm Contact Person

\_\_\_\_\_

Southwest Minnesota Private Industry Council, Inc.:

We propose to perform the audit described in your Request for Proposals (RFP) dated January 30, 2019, in compliance with all requirements of the RFP for an amount which includes travel expenses as below:

Fiscal year ending June 30, 2019     \$ \_\_\_\_\_

Fiscal year ending June 30, 2020     \$ \_\_\_\_\_

Fiscal year ending June 30, 2021     \$ \_\_\_\_\_

The proposal bids for the fiscal years ending in 2020 and 2021 and beyond are contingent upon the successful completion of the prior year's audit and the written mutual agreement of our firm and the SW MN PIC by the May 15 immediately prior to the end of each fiscal year.

\_\_\_\_\_

(Firm)

\_\_\_\_\_

(Authorized Signature)

\_\_\_\_\_

(Date)

(See attached Technical Proposal)

**Attachment B**

**Firm's Prior Auditing and Technical Assistance Experience**

A. Uniform Guidance Audits within the last three years:

<u>Auditee</u>	<u>Cognizant Agency</u>	<u>Audit Period</u>	<u>Report Date</u>	<u>Auditee Reference Name / Address / Telephone #</u>

B. Federal Audits other than Uniform Guidance Audits within the last three years:

<u>Auditee</u>	<u>Funding Agency/ Programs</u>	<u>Audit Period</u>	<u>Report Date</u>	<u>Auditee Reference Name / Address / Telephone #</u>

C. State Audits:

<u>Auditee</u>	<u>Funding Agency/ Programs</u>	<u>Audit Period</u>	<u>Report Date</u>	<u>Auditee Reference Name / Address / Telephone #</u>

D. County Audits:

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E. City Audits:

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F. Other Nonprofit:

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G. Technical Assistance



