



January 15, 2019

Dear Audit Firm:

Attached is a request for proposal for audit services for Seven County Infrastructure Coalition for the years ending December 31, 2018 through 2020.

Your proposal must be submitted electronically to Michael J. McKee, Executive Director, and Eric Johnson, Legal Counsel, of the Seven County Infrastructure Coalition no later than 12:00 p.m. (Mountain Standard Time) on January 31, 2019, as indicated in the Request for Proposal, to the following email addresses: mmckee@7county.utah.gov and eric@bcjlaw.net. Selection of the Contractor will be made by February 8, 2019.

To be considered in the bidding process, the proposing independent auditing firm must meet the following minimum criteria:

1. The firm must meet the *Government Auditing Standards*' continuing professional education, independence, peer review, and licensing requirements.
2. The firm must have experience in governmental auditing. The experience must have been on an entity-wide basis, and an opinion must have been issued.
3. The firm must be able to meet the reporting deadlines described in the Request for Proposal.

We look forward to working with you in reviewing the excellent services the auditing profession has to offer.

Sincerely,

Michael J. McKee
Executive Director
(435) 823-5010
Email: mmckee@7county.utah.gov

REQUEST FOR PROPOSAL
Financial Auditor
SEVEN COUNTY INFRASTRUCTURE COALITION

PURPOSE OF REQUEST FOR PROPOSAL

The purpose of this request for proposal (RFP) is to enter into a contract with a qualified independent auditing firm (Contractor) to provide audit services.

This RFP is designed to provide interested offerors with sufficient basic information to submit proposals meeting minimum requirements. It is not intended to limit a proposal's content or exclude any relevant or essential data. Offerors are at liberty and are encouraged to expand upon the specifications to evidence service capability under any agreement.

BACKGROUND

The Seven County Infrastructure Coalition (the Entity – formerly Six County Infrastructure Coalition), was created in 2014 and currently has the following funds: General. In addition to the funds mentioned, there are no additional component organizations that are part of the reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement 61. The Entity uses Quickbooks software for its accounting applications.

The Entity is required by law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards.

This requirement includes: 1) a financial statement audit in accordance with generally accepted auditing standards and *Government Auditing Standard*; 2) a State Compliance Audit, in accordance with the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor; and 3) depending on levels of federal funding, a Single Audit in accordance with the Single Audit Act and Uniform Guidance.

Prior year reports for the Entity can be found on the Office of the Utah State Auditor's website at: <https://secure.utah.gov/auditor-search/?p=localgov>.

SUBMITTING YOUR PROPOSAL

NOTICE: By submitting a proposal in response to this RFP, the offeror is acknowledging that the requirements, scope of work, and evaluation process outlined in the RFP are fair, equitable, not unduly restrictive, understood and agreed to. Any exceptions to the content of the RFP must be protested to the Entity prior to the closing date and time for submission of the proposal.

Proposals must be received by the submission deadline of 12:00 p.m. January 31, 2019 (Mountain Standard Time/MST). Proposals received after the deadline will be late and ineligible for consideration.

All proposals should be submitted electronically in PDF format to Mike McKee, Executive Director, email: mmckee@7county.utah.gov and Eric Johnson, Legal Counsel, email: eric@bcjlaw.net. In addition to the electronic submittal, if you so choose, you may submit one original hard copy of your proposal to:

Michael J. McKee, Executive Director
P.O. Box 760032
Tridell, UT 84076

Selection of the Contractor will be made by February 8, 2019, and all offerors submitting proposals will be notified immediately as to the selection results.

LENGTH OF CONTRACT

The audit contract resulting from this RFP will cover the annual audits for each of the calendar years ending December 31, 2018 through December 31, 2020, subject to an annual performance evaluation, budget appropriations, and the needs of the Entity. The contract will be for one fiscal year, annually renewable through June 2021.

The Entity reserves the right to review the contract on a regular basis regarding performance and cost analysis and may negotiate price and service elements or terminate the contract during the term of the contract.

STANDARD CONTRACT TERMS AND CONDITIONS

Any contract resulting from this RFP will include but not be limited to the Standard Terms and Conditions. Exceptions and or additions to the Standard Terms and Conditions are strongly discouraged.

Exceptions and additions to the Standard Terms and Conditions must be submitted with the proposal. Exceptions, additions, service level agreements, etc. submitted after the date and time for receipt of proposals will not be considered. Website URLs, or information on website URLs must not be requested in the RFP document and must not be submitted with a proposal. URLs provided with a proposal may result in that proposal being rejected as non-responsive. URLs are also prohibited from any language included in the final contract document.

The Entity retains the right to refuse to negotiate on exceptions should the exceptions be excessive or not in the best interest of the Entity, or if the negotiations could result in excessive costs to the Entity or could adversely impact existing time constraints.

The procurement shall be conducted subject to the provisions of *Utah Code* 63G-6a-701-711.

DISCUSSIONS WITH OFFERORS (ORAL PRESENTATION)

At the sole discretion of the Entity, an oral presentation may be requested by the selection committee to clarify a proposal. However, the Entity may award a contract based on the initial proposals received without discussion with the offeror. If oral presentations are requested, they will be scheduled following the submission of proposals. Oral presentations will be made at the offerors' expense.

DETAILED SCOPE OF WORK

A. REPORTING REQUIREMENTS

The Contractor shall perform the following engagements for the Entity for each fiscal year ending December 31, 2018 through December 31, 2020.

1. Financial Report – The Contractor shall audit the financial statements and records of the Entity and shall issue an auditor's opinion on those financial statements. Such opinion shall be prepared in conformity with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.
2. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters – The Contractor shall issue a report on internal control over financial reporting and on compliance and other matters in accordance with *Government Auditing Standards*.
3. Report Required for State Compliance Audit – The Contractor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws and other financial issues related to the expenditure of funds received from federal, state, or local governments identified in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor.
4. Management Letter – As appropriate, the Contractor shall prepare a comprehensive management letter including the audit findings and recommendations relative to the internal control over financial reporting, compliance with laws and regulations, as applicable, and adherence to generally accepted accounting principles.

The Contractor shall request written responses from Entity officials for each recommendation and shall include such responses in the reports. If the Entity declines the opportunity to respond, the Contractor shall so state in their report.

5. Reporting Deadlines – The audits must be completed and 11 copies of each of the reports must be submitted to the Entity by no later than June 30 of each year.

PROPOSAL REQUIREMENTS

Interested offerors should include the following information in their proposal to perform the audits.

A. Profile of the Independent Auditor

Provide general background information which includes:

1. The organization and size of the offeror, whether it is local, regional, national or international in operations.
2. The location of the office from which the work is to be done and the number of professional staff, by staff level, employed at that office.
3. A positive statement that the following mandatory criteria are satisfied:

- (a) An affirmation that the offeror is properly licensed for practice as a certified public accountant in the State of Utah.
- (b) An affirmation that the offeror meets the independence requirements of AICPA Rule 101 and the *Government Auditing Standards*.
- (c) An affirmation that the offeror meets the continuing professional education requirements contained in the *Government Auditing Standards*.

4. A copy of the offeror's most recent peer review report.

B. Offeror's Qualifications

- 1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit, including staff from other than the local office. Résumés should be included which outline relevant experience and continuing professional education for the staff auditors up to the individual with final responsibility for the audit.
- 2. Describe the recent local office auditing experience similar to the type of audit requested.
- 3. If other auditors are to participate in the audit, those auditors should be required to provide similar information.

C. Offeror's Approach to the Audit

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate the offeror's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours for the financial audit and compliance audit separately on an annual basis for each fiscal year being audited. The single audit will likely not be required each year. For 2020, it is anticipated the single audit will include one Type A program with very few transactions. The plan should also identify the breakdown of total hours between staff, in-charges, and higher levels. The planned use of specialists, if any, should also be specified.

D. Time Requirements

Detail how the reporting deadline requirements of the audit will be met.

E. Comprehensive Not-To-Exceed Fee

Supply the billing rates, estimated number of billable hours, other billable expenses and a comprehensive "not-to-exceed" fee for the annual audit, inclusive of travel, per diem and all other out-of-pocket expenses. The not-to-exceed fee information requested above should be provided as a separate amount for each fiscal year being audited.

CONTRACTUAL ARRANGEMENTS

A resulting contract agreement may include, but is not limited to:

- A. Document Retention – The Contractor shall retain all work papers and reports pertaining to the audit for a minimum of six years from the audit report release date. The firm will be subject to the Office of the State Auditor work paper review process (done for all

government contract auditors). The results of that review will be added to the OSA website.

B. Availability of Staff – The Entity’s staff will be available to prepare schedules, trial balances, and provide documentation to assist the auditor as their schedules permit during the course of the audit.

C. Other Significant Contract Provisions –

1. Immediately inform the Entity’s Audit Committee regarding any indication of fraud, errors, or illegal acts that may come to their attention in connection with the audit.
2. The Contractor must hold an exit conference with the Entity.
3. Notify the Entity, in writing, prior to changes of partner, manager, supervisor or senior personnel obligated in the proposal.
4. Provide the Entity with Letters of Engagement in accordance with professional standards to specify the responsibilities of the Contractor and the Entity as they relate to the conduct of the audits. The terms of the Letters of Engagement shall be consistent with the terms of the Contract. In the event there are inconsistencies, the terms of the Contract shall govern and control.
5. Carry and maintain liability insurance, add the Entity as an additional insured, and provide proof of this insurance to the Entity, as required by No. 16 of the Standard Terms and Conditions for Services.

EVALUATION OF PROPOSALS

A committee will evaluate proposals against the following weighted criteria:

% OF SCORING WEIGHT	EVALUATION CRITERIA
Mandatory	Licensing, independence, CPE, peer review, and ability to meet audit deadlines.
20%	<u>Technical Experience of the Independent Auditing Firm</u> – Considering governmental audit experience, as well as size and structure of the firm.
20%	<u>Qualifications of Staff</u>
25%	<u>Responsiveness of the proposal</u> in clearly stating an understanding of the audit services to be performed: (1) Appropriateness and adequacy of proposed procedures. (2) Reasonableness of time estimates and total audit hours. (3) Appropriateness of assigned staff levels.
35%	<u>Cost of the Audit</u> and expected audit hours by staffing levels.

Right to Reject – The Entity reserves the right to reject any and all proposals submitted and to request additional information from all offerors. Any contract awarded will be made to the offeror who, based on evaluation of all responses (applying all criteria and oral interviews if necessary), is determined to be the best to perform the audit.

CONTACT INFORMATION

The individual listed below may be contacted for information. However, before making contact we request you review the Entity's prior year financial statements and auditor's reports which can be found on the Office of the State Auditor's website at auditor.utah.gov, specifically at the following link: <https://secure.utah.gov/auditor-search/?p=localgov>.

Douglas Rasmussen, Finance Director
Phone: (435) 637-1203
Email: srmr@emerytelcom.net

OR

Michael J. McKee, Executive Director
Phone: (435) 823-5010
Email: mmckee@7county.utah.gov

