



**Solicitation Information
March 22, 2018**

RFP# 7592581

TITLE: Auditing Services: Public Postsecondary Education

Submission Deadline: April 19, 2018 at 2:00 PM (ET)

PRE-BID/ PROPOSAL CONFERENCE: NO

Questions concerning this solicitation must be received by the Division of Purchases at gail.walsh@purchasing.ri.gov no later than **Tuesday, April 3, 2018 at 5:00 PM (ET)**. Questions should be submitted in a *Microsoft Word attachment*. Please reference the RFP# on all correspondence. Questions received, if any, will be posted on the Division of Purchases' website as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

BID SURETY BOND REQUIRED: NO

PAYMENT AND PERFORMANCE BOND REQUIRED: NO

**GAIL WALSH
CHIEF BUYER**

Applicants must register on-line at the State Purchasing Website at www.purchasing.ri.gov

Note to Applicants:

Proposals received without a completed RIVIP Bidder Certification Cover Form attached may result in disqualification.

THIS PAGE IS NOT A BIDDER CERTIFICATION COVER FORM

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SECTION 1. INTRODUCTION

The Rhode Island Department of Administration/Division of Purchases, on behalf of the Rhode Island Council on Postsecondary Education (the “Council”), a public corporation, is soliciting proposals from qualified firms to provide annual financial statement audits of each of the three institutions in the system of public higher education as well as the Division of Higher Education Assistance. These are the University of Rhode Island (URI), Rhode Island College (RIC), the Community College of Rhode Island (CCRI) and the Division of Higher Education Assistance (DHEA) which is located within the Office of the Postsecondary Commissioner. The public accountants will also perform Single Audits at each of the three institutions and DHEA as well as other accounting services as set forth in the body of this document. To this end, the Council on Postsecondary Education sets forth the following specifications contained herein, in accordance with the terms of this Request for Proposals (“RFP”) and the State’s General Conditions of Purchase, which may be obtained at the Division of Purchases’ website at www.purchasing.ri.gov.

The initial contract period will begin approximately May 1, 2018 for three years. This contract will cover the year-end financial statement audits and other related work for the fiscal years ending June 30, 2018; June 30, 2019; and June 30, 2020.

This is a Request for Proposals, not a Request for Quotes. Responses will be evaluated on the basis of the relative merits of the proposal, in addition to cost; there will be no public opening and reading of responses received by the Division of Purchases pursuant to this solicitation, other than to name those offerors who have submitted proposals.

Instructions and Notifications to Offerors

- Potential vendors are advised to review all sections of this RFP carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
- Alternative approaches and/or methodologies to accomplish the desired or intended results of this RFP are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this RFP may be rejected as being non-responsive.
- All costs associated with developing or submitting a proposal in response to this RFP or for providing oral or written clarification of its content, shall be borne by the vendor. The State assumes no responsibility for these costs even if the RFP is cancelled or continued.
- Proposals are considered to be irrevocable for a period of not less than 180 days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.
- All pricing submitted will be considered to be firm and fixed unless otherwise indicated in the proposal.

- It is intended that an award pursuant to this RFP will be made to a prime vendor, or prime vendors in the various categories, who will assume responsibility for all aspects of the work. Subcontracts are permitted, provided that their use is clearly indicated in the vendor's proposal and the subcontractor(s) to be used is identified in the proposal.
- The purchase of goods and/or services under an award made pursuant to this RFP will be contingent on the availability of appropriated funds.
- Vendors are advised that all materials submitted to the Division of Purchases for consideration in response to this RFP may be considered to be public records as defined in R. I. Gen. Laws § 38-2-1, *et seq.* and may be released for inspection upon request once an award has been made.

Any information submitted in response to this RFP that a vendor believes are trade secrets or commercial or financial information which is of a privileged or confidential nature should be clearly marked as such. The vendor should provide a brief explanation as to why each portion of information that is marked should be withheld from public disclosure. Vendors are advised that the Division of Purchases may release records marked confidential by a vendor upon a public records request if the State determines the marked information does not fall within the category of trade secrets or commercial or financial information which is of a privileged or confidential nature.

- Interested parties are instructed to peruse the Division of Purchases website on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP.
- By submission of proposals in response to this RFP vendors agree to comply with R. I. General Laws § 28-5.1-10 which mandates that contractors/subcontractors doing business with the State of Rhode Island exercise the same commitment to equal opportunity as prevails under Federal contracts controlled by Federal Executive Orders 11246, 11625 and 11375.

Vendors are required to ensure that they, and any subcontractors awarded a subcontract under this RFP, undertake or continue programs to ensure that minority group members, women, and persons with disabilities are afforded equal employment opportunities without discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability.

Vendors and subcontractors who do more than \$10,000 in government business in one year are prohibited from engaging in employment discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability, and are required to submit an "Affirmative Action Policy Statement."

Vendors with 50 or more employees and \$50,000 or more in government contracts must prepare a written "Affirmative Action Plan" prior to issuance of a purchase order.

- a. For these purposes, equal opportunity shall apply in the areas of recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, and rates of pay or other forms of compensation.

- b. Vendors further agree, where applicable, to complete the “Contract Compliance Report” (<http://odeo.ri.gov/documents/odeo-eeo-contract-compliance-report.pdf>), as well as the “Certificate of Compliance” (<http://odeo.ri.gov/documents/odeo-eeo-certificate-of-compliance.pdf>), and submit both documents, along with their Affirmative Action Plan or an Affirmative Action Policy Statement, prior to issuance of a purchase order. For public works projects vendors and all subcontractors must submit a “Monthly Utilization Report” (<http://odeo.ri.gov/documents/monthly-employment-utilization-report-form.xlsx>) to the ODEO/State Equal Opportunity Office, which identifies the workforce actually utilized on the project.

For further information, contact the Rhode Island Equal Employment Opportunity Office, at 222-3090 or via e-mail at ODEO.EEO@doa.ri.gov.

11. In accordance with R. I. Gen. Laws § 7-1.2-1401 no foreign corporation has the right to transact business in Rhode Island until it has procured a certificate of authority so to do from the Secretary of State. This is a requirement only of the successful vendor(s). For further information, contact the Secretary of State at (401-222-3040).
12. In accordance with R. I. Gen. Laws §§ 37-14.1-1 and 37-2.2-1 it is the policy of the State to support the fullest possible participation of firms owned and controlled by minorities (MBEs) and women (WBEs) and to support the fullest possible participation of small disadvantaged businesses owned and controlled by persons with disabilities (Disability Business Enterprises a/k/a “DisBE”)(collectively, MBEs, WBEs, and DisBEs are referred to herein as ISBEs) in the performance of State procurements and projects. As part of the evaluation process, vendors will be scored and receive points based upon their proposed ISBE utilization rate in accordance with 150-RICR-90-10-1, “Regulations Governing Participation by Small Business Enterprises in State Purchases of Goods and Services and Public Works Projects”. As a condition of contract award vendors shall agree to meet or exceed their proposed ISBE utilization rate and that the rate shall apply to the total contract price, inclusive of all modifications and amendments. Vendors shall submit their ISBE participation rate on the enclosed form entitled “MBE, WBE and/or DisBE Plan Form”, which shall be submitted in a separate, sealed envelope as part of the proposal. ISBE participation credit will only be granted for ISBEs that are duly certified as MBEs or WBEs by the State of Rhode Island, Department of Administration, Office of Diversity, Equity and Opportunity or firms certified as DisBEs by the Governor’s Commission on Disabilities. The current directory of firms certified as MBEs or WBEs may be accessed at <http://odeo.ri.gov/offices/mbeco/mbe-wbe.php>. Information regarding DisBEs may be accessed at www.gcd.ri.gov.

For further information, visit the Office of Diversity, Equity & Opportunity’s website, at <http://odeo.ri.gov/> and *see* R.I. Gen. Laws Ch. 37-14.1, R.I. Gen. Laws Ch. 37-2.2, and 150-RICR-90-10-1. The Office of Diversity, Equity & Opportunity may be contacted at, (401) 574-8670 or via email Dorinda.Keene@doa.ri.gov

SECTION 2. BACKGROUND

The Rhode Island Council on Postsecondary Education (“the Council”), a public corporation, plans to engage a firm of Certified Public Accountants to audit the financial statements of each of the three institutions in the system of public higher education. These are the University of Rhode Island (URI), Rhode Island College (RIC), the Community College of Rhode Island (CCRI) and the Division of Higher Education Assistance (DHEA) which is located at the Office of the Postsecondary Commissioner. The public accountants will also perform audits following the requirements of 2 CFR Part 200.500 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards at each of the three institutions and DHEA as well as other accounting services as set forth in the body of this document. To this end, the Council on Postsecondary Education sets forth the following specifications contained herein. This solicitation, and any subsequent award (s) is governed by the State’s General Conditions of Purchase (available at www.purchasing.ri.gov)

SECTION 3: SCOPE OF WORK AND REQUIREMENTS

General Scope of Work

Fiscal year-end financial statement audits as well as other procedures described below will be rendered to the three institutions of public higher education as well as to the Guaranty Agency located in the Division of Higher Education Assistance within the Office of the Postsecondary Commissioner.

Specific Activities / Tasks

Reporting Deadlines

1. The basic financial statements, required supplementary information, and State prescribed financial reporting schedules will be completed and the final audit reports (inclusive of all audit communications) will be delivered to the Council on Postsecondary Education, the institutions of higher education, the State Controller, the Director of Administration, and the Auditor General (2 copies) by **September 30th of each year** for inclusion in the State’s Annual Financial Report. Section 35-6-37 of the R.I. General Laws requires all public agencies to submit their audited annual financial reports to the State Controller no later than 90 days after the close of the State’s fiscal year (June 30th). The audited financial statements submitted must be in final form, with signed independent auditors’ report. **Failure to comply with the statutory submission date may result in termination of a firm’s audit engagement.** Submission of audit reports and communications in electronic form is acceptable.

Compliance with due dates for submission of the final audit report requires anticipation of and allowance for (1) sufficient review time by the Office of Accounts and Control and the Office of the Auditor General of draft audit reports and other audit communications; and (2) sufficient review time and acceptance by the audit committee, board of directors, or individuals constituting those charged with governance for the entity.

Draft reports shall be provided to the Office of Accounts and Control and the Office of the Auditor General not less than 7 days prior to the required final audit completion and submission date. Draft reports and other communications submitted for review to the Office of Accounts and Control and the Office of the Auditor General shall have undergone review by the firm’s internal quality control review process prior to submission.

2. Management Letters and the additional audit reports relating to federal awards and required by 2 CFR Part 200.500 “Uniform Administration Requirements, cost principles, and audit requirements for federal awards subpart F, Audit requirements” (if required, shall be submitted no later than **November 30th** of each year). They shall be delivered to the Council on Postsecondary Education, the institutions of higher education, the State Controller, the Director of Administration, and the Auditor General (2 copies).
3. HUD Audit Reports will be completed and the reports will be delivered to the Council on Postsecondary Education and the institutions of higher education by September 30th of each year. This is a report on supplementary information related to bond revenue, replacement & renewal, and debt service funds with an attached opinion from the external auditor.
4. The NCAA Athletic Report will be completed and delivered to the University of Rhode Island and the Council on Postsecondary Education by December 31st of each year.

Qualifications of the Auditor

1. The firm selected to conduct the audit will be a firm of certified public accountants holding a valid practice permit from the State of Rhode Island or from another state having equal professional standards.
2. The senior auditor in charge of the fieldwork at each institution will be a certified public accountant.
3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits will meet the continuing educational requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States.
4. The audit organization will have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
5. The audit organization shall provide a copy of its most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the Council on Postsecondary Education, the institutions of public higher education, the Auditor General, and the Director of Administration.
6. The audit organization will comply with the auditor independence requirements under *Government Auditing Standards*.

7. The audit organization will possess the personnel, experience and resources necessary to complete the audit in accordance with the audit specifications and within the required deadlines.
8. Preference will be given to auditing firms that have substantial experience in the higher education industry, especially experience with large research institutions.
9. The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million.

Audit Contract

1. *The audit contract will cover the three fiscal years ending June 30, 2018, 2019, and 2020.*
2. It is recommended that audit firms not be engaged for a period of more than six consecutive years, however, audit firms can submit proposals and will be considered beyond this period provided those firms specifically include within their proposal, the specific safeguards to ensure auditor independence on the engagement due to the length of auditor involvement (i.e. rotation of audit management or other quality control measures). The engagement of auditors for more than six consecutive years can also be made when deemed appropriate and/or necessary and when approved jointly by the Auditor General and Director of Administration.
3. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee for the financial statement audit and supplementary schedule of expenditures of federal awards shall be inclusive of all expenses. Each bidder will specify the fees and expenses by year, by institution, and by type of audit and service.
4. Fee schedules will also disclose staff hours, rates, and out-of-pocket expenses. The fee for the financial statements and all special reports will be inclusive of all expenses.

The contract shall also specify an hourly rate for all audit work and reporting requirements related to major federal programs due to the variable scope of work in applying the risk-based approach outlined in the Uniform Guidance. Once the scope of testing required for major programs is determined, the auditor and the Council on Postsecondary Education will negotiate a not-to-exceed fee for the portion of the audit related to major federal programs.

5. Fee schedules will also disclose staff hours, rates, and out-of-pocket expenses for other special projects requested by the three institutions that might include such assignments as Affordable Healthcare Act reporting compliance, 990-T filings, or other similar projects.

Audit Standards

1. The audit will be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit will be conducted in accordance with generally accepted auditing standards for financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. The standards contained in the **amended (July**

1996) Single Audit Act of 1984 and the provisions 2 CFR Part 200.500, Uniform Administration Requirements, cost principles, and audit requirements for federal awards subpart F, Audit requirements.

3. The review of Athletic Department Revenues and Expenditures (University of Rhode Island only) will be conducted in accordance with the Financial Audit Guidelines as established by the National Collegiate Athletic Association and any amendments or revisions thereto. The review will be for the division classification appropriate to the University as established by the NCAA.

Audit Reports and Scope

The following reports, statements and schedules will be reported upon by the auditing firm for each institution for each fiscal year:

1. Basic Financial Statements (Business Type Activities format) as required by the Governmental Accounting Standards Board (GASB), to include a:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows using the direct method
 - Reports required under trust agreements, bond agreements, etc. Among these requirements would be a report on compliance related to any default that have occurred related to loan and trust agreements for Rhode Island Health and Education Building Corporation Higher Education Facility Revenue Refunding Bonds Section 1 002(ii).
2. Required Supplementary Information. To include:
 - Management's Discussion and Analysis (MD&A)
 - Other required supplementary information in accordance with current Governmental Accounting Standards.
3. Other Supplementary Information.
 - **State Templates will be completed as supplementary information with your audited financial statements.**
 - i. **Attachment B** Statement of Net Position
 - ii. **Attachment C** Statement of Revenues, Expenses and Changes in Net Position. Expenses should be reported using an object classification format (Personal services/Supplies, materials, and services/Depreciation etc.).
 - iii. **Attachment D and Attachment E** Debt service to maturity and changes in Long-Term Debt- provide total debt service to maturity (principal and interest for bonds only) as amended by GASB 38.
 - **Each of the institutions has a separate foundation whose results are included in each institution's reporting entity**
 - i. However, each is audited separately by other auditors
 - ii. Therefore, there is no requirement for an opinion on the separately issued foundation financial statements.
 - **The University of Rhode Island has a separate research foundation whose results are included in its reporting entity**
 - i. However, each is audited separately by other auditors
 - ii. Therefore, there is no requirement for an opinion on the separately issued foundation financial statements.

4. A detailed schedule of travel and entertainment expenses shall be included as supplementary information with reference in the auditor’s opinion on the financial statements to the supplementary information.

All expenditures of \$200 or greater shall be itemized and a total shown for all expenditures less than \$200. Chapter 35-7-14 of the General Laws of the State of Rhode Island requires the Council on Postsecondary Education and the institutions of public higher education to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit.

5. Supplementary Schedule of Expenditures of Federal Awards with auditor’s opinion thereon. The following defines federal awards for these purposes:

2 CFR Part 200.500 – Definitions:

“Federal awards” means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities.

“Federal financial assistance” means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director (Director of the (federal) Office of Management and Budget).

6. 2 CFR Part 200.500 (Uniform Guidance)

- The audit report dealing with *2 CFR Part 200.500* compliance and the Schedule of Federal Financial Assistance will be submitted under separate cover and will include reports (as appropriate in the circumstances) such as:
 - Reports and summaries related to Federal Financial Assistance (as appropriate in the circumstances) as required by the *Uniform Guidance, Audits of State and Local Governments and Non-Profit Organizations*.
 - Supplementary Schedule of Expenditures of Federal Awards with auditor’s opinion thereon (required regardless of whether there are any major programs).
- Major Federal Programs shall be determined in accordance with guidance provided in the Uniform Guidance.
- The auditor shall:
 - Identify Type “A” Programs: Type “A” programs will be determined using the State reporting entity’s total expenditures of federal awards. Accordingly, an estimate of total federal awards expended by the State of Rhode Island for the fiscal year will be provided by the Office of the Auditor General to the agency under audit and its auditors.

- Perform a Risk Assessment: In accordance with criteria outlined in OMB Circular - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, perform a risk assessment of Type “A” programs identified above to determine if they can be considered low-risk. Consider all Type “A” programs not qualifying for a low-risk assessment to be major programs and perform required audit procedures as outlined in the OMB Circular.

The auditor should seek approval from the Auditor General’s Office before declaring any Type “A” program to be low risk.

No risk assessment shall be performed for programs which are less than the Type “A” dollar threshold unless specifically requested by the Office of the Auditor General.

- Not prepare the Data Collection Form referenced in the *Uniform Guidance*. The form will be prepared by the Office of the Auditor General for the State reporting entity.

7. NCAA Athletic Revenues and Expenditures (University of Rhode Island only)

- The University of Rhode Island Athletic Department revenues and expenditures will be reviewed in accordance with the Financial Audit Guidelines as established by the National Collegiate Athletic Association and any amendments or revisions thereto. The review will be for the division classification appropriate to the University as established by the NCAA. Procedures related to the review will be mutually agreed upon by the auditors and the University prior to commencing the review.

8. Housing and Urban Development Reports

- The institutions have several bond indentures in connection with facilities and auxiliary enterprises. The provisions in the indentures require that various reports be forwarded to the trustee.

All draft copies of the audit report and management letter will be submitted to the individual institution, the Office of the Postsecondary Commissioner’s (OPC) Associate Commissioner for Finance and Management and the Director of Internal Audit, and the Auditor General prior to the exit conference so that there will be adequate time for review.

Management Letters

A separate management letter will be prepared for each institution and DHEA containing specific recommendations and/or observations relative to each institution beyond those included in the reports described above on such matters as:

- Policies, procedures and practices employed by the institutions or DHEA.
- Immaterial weaknesses in the internal controls that are not “reportable conditions”.

- Use of resources to provide a governmental/educational service in a reasonable, judicious, economical, and efficient manner.
- Compliance with state laws pertaining to the institution and with rules and regulations established by the institution and the Council on Postsecondary Education.

Upon completion of the audit, a management letter will be submitted to each institution and to the Council on Postsecondary Education, with copies to the Office of the Postsecondary Commissioner's Associate Commissioner for Finance and Management, the Director of Administration, and the Auditor General.

Representations

1. A written representation that the auditor is independent under the requirements of the American Institute of Certified Public Accountants including *Government Auditing Standards*.
2. A written representation that the auditor of the institutions of public higher education meets the continuing education requirements of *Government Auditing Standards*.
3. A written representation that the auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Auditor General with a copy of the firm's most recent external quality control review report and any subsequent reports received during the term of the contract, if awarded.
4. A written representation that the auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of 2 CFR Part 200.500 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards and will conduct the audit and will report in accordance with those standards.
5. A written representation that any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer.
6. In accordance with Chapter 27 of Title 17 of the Rhode Island General Laws, the auditor has filed, or will file upon execution of this contract if required, an affidavit with the State Board of Elections concerning reportable political contributions.
7. A certification that no Rhode Island "Major State decision-maker" or spouse or dependent child of such person as defined in RIGL §42-6-1 holds either a ten percent or greater equity interest or a five thousand dollar or greater cash interest in the business.

Coordination between the Auditor and the Auditor General, the Council on Postsecondary Education, and the Director of Administration

1. The private auditor selected for the audit will cooperate with the Auditor General, as principal auditor, in his coordination of the Single Audit of the State, as well as with the

Council on Postsecondary Education and the Director of Administration. This cooperation will include communications between the Auditor General and the private auditor regarding the determination of major federal assistance programs, which, under the Uniform Guidance, will be determined using a risk-based approach.

2. Specific inquiries and procedures to assure such coordination include:

- Written representation by the private auditor that the financial statements he/she is to audit will be incorporated in the financial statements of the State as the reporting entity and that their report thereon will be relied upon and referred to by the Auditor General as well as any other reports required by 2 CFR Part 200.500 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Joint audit planning and wrap-up meetings (generally three per year) with the controllers of the three institutions and the Council on Postsecondary Education's representative, the OPC Associate Commissioner for Finance and Management and the Director of Internal Audit, the Auditor General, and the State Controller.
- Invitations to the Auditor General and the OPC Director of Internal Audit for entrance, exit and other significant conferences.
- Submission of all "draft" copies of audit report(s) and management letters before the exit conference.
- Prompt notification to the Council on Postsecondary Education (through its representatives, the Associate Commissioner of Finance and Management or the OPC Director of Internal Audit), the Auditor General and the Director of Administration by the private auditor if he becomes aware of fraud, abuse, or illegal acts or indications of such acts.
- Prompt notification to the Council on Postsecondary Education (through its representatives, the Associate Commissioner of Finance and Management or the OPC Director of Internal Audit), the Auditor General and the Director of Administration by the private auditor if he encounters any significant accounting and/or auditing problems, or any situations that would delay timely completion of the audit.

The Office of the Rhode Island Auditor General, in serving as the Group Auditor for the audit of the State of Rhode Island's (State's) financial statements will provide the communication that appears in Appendix 3 of the Audit Bid Specifications (as revised in January 2016) to each component auditor annually in conjunction with their component audit. This communication will include certain required representations that each component auditor must provide to the Auditor General as their documented understanding of their requirements as component auditors within the group audit of the State's financial statements. This communication also provides certain information regarding the State's financial reporting entity and established planning materiality levels for the various opinion units represented within the audit of the State's financial statements. Component auditors will also be required to submit letters of understanding (engagement letters), materiality levels, management representation letters (with corresponding schedules of unbooked adjustments), and communications with those charged with governance as required by generally accepted auditing standards in accordance with their component audits.

The private auditor selected for the institutions of public higher education audits shall cooperate with the Auditor General, as Group Auditor, in his coordination of the Single Audit of the State. This will include communication between the Auditor General and the private auditor regarding the determination of major federal financial assistance programs using the risk-based approach prescribed by 2 CFR Part 200.500 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Audit Workpapers

The workpapers of the auditors will be made available upon request of the Council on Postsecondary Education, the Director of Administration, or the Auditor General for review upon the completion of the audit.

Other Provisions

1. Payment. The auditors will be paid for their professional services by the individual institutions upon completion of each fiscal year's audit and acceptance by the Council on Postsecondary Education. Payment for services will be made in the year services are performed, which may differ from the fiscal year audited. The Commissioner of Postsecondary Education delegates to the individual institutions the right to make partial payments if circumstances warrant.
2. Access to records. The auditors will have the full authority of the Council on Postsecondary Education for Higher Education to gain access to any and all books, records, documents and personnel, etc., which they deem necessary and appropriate to the conduct of the audit. All information gained from such access will be treated as confidential unless other arrangements are approved by the Council on Postsecondary Education. The successful proponent may be required to sign a confidentiality agreement before commencing the engagement.
3. Required number of reports. The financial statements and schedules of each institution, together with the related audit report, will be bound under a separate cover for each institution and fifty (50) copies will be delivered to the Council on Postsecondary Education. Up to twenty-five (25) copies of the financial statements and schedules of the individual institution, together with the related audit report, will be delivered to that institution upon demand. Electronic copies of financial statements, schedules, and related reports will be supplied to the respective institution. Electronic copies for the three institutions will be supplied to the Council on Postsecondary Education.
4. Lowest Bid. The State / Council on Postsecondary Education reserves the right to reject the lowest bid. It may also reject all bids. In either case, the reason for the action shall be documented.
5. Pre-bid Conference. A pre-bid conference is scheduled, as described on page one of this solicitation, to enable all interested bidders to familiarize themselves with the engagement. A meeting summary will be posted, as an addendum to the solicitation
6. Audit Work Plan. The auditors will submit an audit work plan including the audit approach to be employed, staffing levels, required client prepared information and schedules, and the proposed timing of work at each institution by May 15th of the fiscal year to be audited.

7. Professional Staff. Every effort will be made to maintain staff continuity during the course of the contract. The auditors will submit engagement partner, manager, and in-charge resumes each year prior to commencing audit/review work. The Council on Postsecondary Education reserves the right to approve/reject auditor staffing at this level.
8. Technical Advice. The auditor will keep the Council on Postsecondary Education and the institutions advised of accounting and auditing developments that may affect them. This advisement may include presentations to the Council on Postsecondary Education and institution management.
9. Termination of Service. *Each party reserves the right to terminate the contract at the conclusion of annual audits and/or reviews upon 60 days' notice.* The Council on Postsecondary Education reserves the right to terminate the contract for cause at any time in accordance with the State of Rhode Island's general conditions of purchase.

SECTION 4: PROPOSAL

A. Technical Proposal

Narrative and format: The proposal should address specifically each of the following elements:

1. **Overall Qualifications** – Provide documentation attesting to relative experience within the higher education market as well as the guaranty agency area. Please provide a detailed description of the Firms' experience within this industry with specific attention to public institutions of higher education. A list of relevant client references must be provided, to include client names, addresses, phone numbers, dates of service and type(s) of service(s) provided.
2. **Overall audit approach and audit strategy** - Provide staff resumes/CV and describe qualifications and experience of key staff who will be involved in these audits per the specifications described above. Please include a staffing plan and statistics related to the anticipation of these engagements. Also a proposed audit work plan should be included to provide information related to the capacity of the Firm to work within the specified timeframe.

B. Cost Proposal

Detailed Budget and Budget Narrative:

Provide a proposal cost proposal to include a comprehensive price list for all services including fully absorbed hourly billing rates for all members of the proposed audit team. The cost proposal should also break the annual fees out by institution (including DHEA).

C. ISBE Proposal

See Appendix A for information and the MBE, WBE, and/or Disability Business Enterprise Participation Plan form(s). Bidders are required to complete, sign and submit these forms with their overall proposal in a sealed envelope. Please complete separate forms for each MBE, WBE and/or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation.

SECTION 5: EVALUATION AND SELECTION

Proposals shall be reviewed by a technical evaluation committee (“TEC”) comprised of staff from State agencies. The TEC first shall consider technical proposals.

Technical proposals must receive a minimum of 60 (85.7%) out of a maximum of 70 points to advance to the cost evaluation phase. Any technical proposals scoring less than 60 points shall not have the accompanying cost or ISBE participation proposals opened and evaluated. The proposal will be dropped from further consideration.

Technical proposals scoring 60 points or higher will have the cost proposals evaluated and assigned up to a maximum of 30 points in cost category bringing the total potential evaluation score to 100 points. After total possible evaluation points are determined ISBE proposals shall be evaluated and assigned up to 6 bonus points for ISBE participation.

The Division of Purchases reserves the right to select the vendor(s) or firm(s) (“vendor”) that it deems to be most qualified to provide the goods and/or services as specified herein; and, conversely, reserves the right to cancel the solicitation in its entirety in its sole discretion.

Proposals shall be reviewed and scored based upon the following criteria:

Criteria	Possible Points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40 Points
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30 Points
Total Possible Technical Points	70 Points
Cost proposal*	30 Points
Total Possible Evaluation Points	100 Points
ISBE Participation**	6 Bonus Points
Total Possible Points	106 Points

***Cost Proposal Evaluation:**

The vendor with the lowest cost proposal shall receive one hundred percent (100%) of the available points for cost. All other vendors shall be awarded cost points based upon the following formula:

$$(\text{lowest cost proposal} / \text{vendor's cost proposal}) \times \text{available points}$$

For example: If the vendor with the lowest cost proposal (Vendor A) bids \$65,000 and Vendor B bids \$100,000 for monthly costs and service fees and the total points available are thirty (30), Vendor B's cost points are calculated as follows:

$$\$65,000 / \$100,000 \times 30 = 19.5$$

****ISBE Participation Evaluation:**

a. Calculation of ISBE Participation Rate

1. ISBE Participation Rate for Non-ISBE Vendors. The ISBE participation rate for non-ISBE vendors shall be expressed as a percentage and shall be calculated by dividing the amount of non-ISBE vendor's total contract price that will be subcontracted to ISBEs by the non-ISBE vendor's total contract price. For example if the non-ISBE's total contract price is \$100,000.00 and it subcontracts a total of \$12,000.00 to ISBEs, the non-ISBE's ISBE participation rate would be 12%.
2. ISBE Participation Rate for ISBE Vendors. The ISBE participation rate for ISBE vendors shall be expressed as a percentage and shall be calculated by dividing the amount of the ISBE vendor's total contract price that will be subcontracted to ISBEs and the amount that will be self-performed by the ISBE vendor by the ISBE vendor's total contract price. For example if the ISBE vendor's total contract price is \$100,000.00 and it subcontracts a total of \$12,000.00 to ISBEs and will perform a total of \$8,000.00 of the work itself, the ISBE vendor's ISBE participation rate would be 20%.

b. Points for ISBE Participation Rate:

The vendor with the highest ISBE participation rate shall receive the maximum ISBE participation points. All other vendors shall receive ISBE participation points by applying the following formula:

$$(\text{Vendor's ISBE participation rate} \div \text{Highest ISBE participation rate} \\ \times \text{Maximum ISBE participation points})$$

For example, assuming the weight given by the RFP to ISBE participation is 6 points, if Vendor A has the highest ISBE participation rate at 20% and Vendor B's ISBE participation rate is 12%, Vendor A will receive the maximum 6 points and Vendor B will receive $(12\% \div 20\%) \times 6$ which equals 3.6 points.

General Evaluation:

Points shall be assigned based on the vendor's clear demonstration of the ability to provide the requested goods and/or services. Vendors may be required to submit additional written information or be asked to make an oral presentation before the TEC to clarify statements made in the proposal.

SECTION 6. QUESTIONS

Questions concerning this solicitation must be e-mailed to the Division of Purchases at gail.walsh@purchasing.ri.gov no later than the date and time indicated on page one of this solicitation. No other contact with State parties is permitted. Please reference **RFP # 7592581** on all correspondence. Questions should be submitted in writing in a Microsoft Word attachment in a narrative format with no tables. Answers to questions received, if any, shall be posted on the Division of Purchases' website as an addendum to this solicitation. It is the responsibility of all interested parties to monitor the Division of Purchases website for any procurement related postings such as addenda. If technical assistance is required, call the Help Desk at (401) 574-8100.

SECTION 7. PROPOSAL CONTENTS

- Proposals shall include the following:
 - a. One completed and signed RIVIP Bidder Certification Cover Form (included in the original copy only) downloaded from the Division of Purchases website at www.purchasing.ri.gov. *Do not include any copies in the Technical or Cost proposals.*
 - b. One completed and signed Rhode Island W-9 (included in the original copy only) downloaded from the Division of Purchases website at <http://www.purchasing.ri.gov/rivip/publicdocuments/fw9.pdf>. *Do not include any copies in the Technical or Cost proposals.*
 - c. Two (2) completed original and copy versions, signed and sealed Appendix A. MBE, WBE, and/or Disability Business Enterprise Participation Plan. Please complete separate forms for each MBE/WBE or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation. *Do not include any copies in the Technical or Cost proposals.*
- Technical Proposal - Interested public accounting firms should submit Letters of Interest for the application area containing the following information:
 - A description of the audit firm and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, including whether these individuals meet the continuing educational requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States.
 - Documentation on the firm's internal quality control system in place and participation in an external quality control review program as required by *Government Auditing Standards*.
 - A copy of the firm's most recent external quality control review report.
 - An acknowledgement that the firm complies with the auditor independence requirements of the *Government Auditing Standards*.

- Documentation indicating that the firm possesses the personnel, experience and resources necessary to complete the audits in accordance with the audit specifications and within the required deadlines.
- Proof of professional liability insurance coverage in effect in an amount not less than \$1 million.
- References from clients demonstrating that the firm has substantial experience in the higher education industry, especially experience with large research institutions.
- Technical Proposal:
 - a. One (1) Electronic copy on a CD-R, marked “Technical Proposal - Original”.
 - b. One (1) printed paper copy, marked “Technical Proposal - Original” and signed.
 - c. Four (4) printed paper copies.
- Cost Proposal: A separate, signed and sealed cost proposal including a comprehensive price list for all services including fully absorbed hourly billing rate for all members of the proposed audit team.
 - a. One (1) Electronic copy on a CD-R, marked “Cost Proposal -Original”.
 - b. One (1) printed paper copy, marked “Cost Proposal -Original” and signed.
 - c. Four (4) printed paper copies

Formatting of proposal response contents should consist of the following:

- Formatting of written documents and printed copies:
 - For clarity, the technical proposal shall be typed. These documents shall be single-spaced with 1” margins on white 8.5”x 11” paper using a font of 12 point Calibri or 12 point Times New Roman.
 - All pages on the technical proposal are to be sequentially numbered in the footer, starting with number 1 on the first page of the narrative (this does not include the cover page or table of contents) through to the end, including all forms and attachments. The Vendor’s name should appear on every page, including attachments. Each attachment should be referenced appropriately within the proposal section and the attachment title should reference the proposal section it is applicable to.
 - Printed copies are to be only bound with removable binder clips.
- Formatting of CD-Rs – Separate CD-Rs are required for the technical proposal and cost proposal. All CD-Rs submitted must be labeled with:
 1. Vendor’s name
 2. RFP #

3. RFP Title
4. Proposal type (e.g., technical proposal or cost proposal)
5. If file sizes require more than one CD-R, multiple CD-Rs are acceptable. Each CD-R must include the above labeling and additional labeling of how many CD-Rs should be accounted for (e.g., 3 CD-Rs are submitted for a technical proposal and each CD-R should have additional label of '1 of 3' on first CD-R, '2 of 3' on second CD-R, '3 of 3' on third CD-R).

Vendors are responsible for testing their CD-Rs before submission as the Division of Purchase's inability to open or read a CD-R may be grounds for rejection of a Vendor's proposal. All files should be readable and readily accessible on the CD-Rs submitted with no instructions to download files from any external resource(s). If a file is partial, corrupt or unreadable, the Division of Purchases may consider it "non-responsive". USB Drives or any other electronic media shall not be accepted. Please note that CD-Rs submitted, shall not be returned.

SECTION 8. PROPOSAL SUBMISSION

Interested vendors must submit proposals to provide the goods and/or services covered by this RFP on or before the date and time listed on the cover page of this solicitation. Responses received after this date and time, as registered by the official time clock in the reception area of the Division of Purchases, shall not be accepted.

Proposals should be mailed or hand-delivered in a sealed envelope marked "**RFP# 7592581 Audit Services**" to:

RI Dept. of Administration
Division of Purchases, 2nd floor
One Capitol Hill
Providence, RI 02908-5855

NOTE: Proposals received after the above-referenced due date and time shall not be accepted. Proposals misdirected to other State locations or those not presented to the Division of Purchases by the scheduled due date and time shall be determined to be late and shall not be accepted. Proposals faxed, or emailed, to the Division of Purchases shall not be accepted. The official time clock is in the reception area of the Division of Purchases.

SECTION 9. CONCLUDING STATEMENTS

Notwithstanding the above, the Division of Purchases reserves the right to award on the basis of cost alone, to accept or reject any or all proposals, and to award in the State's best interest.

Proposals found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further.

If a Vendor is selected for an award, no work is to commence until a purchase order is issued by the Division of Purchases.

The State's General Conditions of Purchase contain the specific contract terms, stipulations and affirmations to be utilized for the contract awarded for this RFP. The State's General Conditions

of Purchases can be found at the following URL:
<https://www.purchasing.ri.gov/RIVIP/publicdocuments/ATTA.pdf>.

APPENDIX A. PROPOSER ISBE RESPONSIBILITIES AND MBE, WBE, AND/OR DISABILITY BUSINESS ENTERPRISE PARTICIPATION FORM

- **Proposer's ISBE Responsibilities (from 150-RICR-90-10-1.7.E)**

1. Proposal of ISBE Participation Rate. Unless otherwise indicated in the RFP, a Proposer must submit its proposed ISBE Participation Rate in a sealed envelope or via sealed electronic submission at the time it submits its proposed total contract price. The Proposer shall be responsible for completing and submitting all standard forms adopted pursuant to 105-RICR-90-10-1.9 and submitting all substantiating documentation as reasonably requested by either the Using Agency's MBE/WBE Coordinator, Division, ODEO, or Governor's Commission on Disabilities including but not limited to the names and contact information of all proposed subcontractors and the dollar amounts that correspond with each proposed subcontract.
2. Failure to Submit ISBE Participation Rate. Any Proposer that fails to submit a proposed ISBE Participation Rate or any requested substantiating documentation in a timely manner shall receive zero (0) ISBE participation points.
3. Execution of Proposed ISBE Participation Rate. Proposers shall be evaluated and scored based on the amounts and rates submitted in their proposals. If awarded the contract, Proposers shall be required to achieve their proposed ISBE Participation Rates. During the life of the contract, the Proposer shall be responsible for submitting all substantiating documentation as reasonably requested by the Using Agency's MBE/WBE Coordinator, Division, ODEO, or Governor's Commission on Disabilities including but not limited to copies of purchase orders, subcontracts, and cancelled checks.
4. Change Orders. If during the life of the contract, a change order is issued by the Division, the Proposer shall notify the ODEO of the change as soon as reasonably possible. Proposers are required to achieve their proposed ISBE Participation Rates on any change order amounts.
5. Notice of Change to Proposed ISBE Participation Rate. If during the life of the contract, the Proposer becomes aware that it will be unable to achieve its proposed ISBE Participation Rate, it must notify the Division and ODEO as soon as reasonably possible. The Division, in consultation with ODEO and Governor's Commission on Disabilities, and the Proposer may agree to a modified ISBE Participation Rate provided that the change in circumstances was beyond the control of the Proposer or the direct result of an unanticipated reduction in the overall total project cost.

- **MBE, WBE, AND/OR Disability Business Enterprise Participation Plan Form:**

Attached is the MBE, WBE, and/or Disability Business Enterprise Participation Plan form. Bidders are required to complete, sign and submit with their overall proposal in a sealed envelope. Please complete separate forms for each MBE, WBE and/or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation.



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ADMINISTRATION
ONE CAPITOL HILL
PROVIDENCE, RHODE ISLAND 02908**

MBE, WBE, and/or DISABILITY BUSINESS ENTERPRISE PARTICIPATION PLAN

Bidder's Name:
Bidder's Address:
Point of Contact:
Telephone:
Email:
Solicitation No.:
Project Name:

This form is intended to capture commitments between the prime contractor/vendor and MBE/WBE and/or Disability Business Enterprise subcontractors and suppliers, including a description of the work to be performed and the percentage of the work as submitted to the prime contractor/vendor. Please note that all MBE/WBE subcontractors/suppliers must be certified by the Office of Diversity, Equity and Opportunity MBE Compliance Office and all Disability Business Enterprises must be certified by the Governor's Commission on Disabilities at time of bid, and that MBE/WBE and Disability Business Enterprise subcontractors must self-perform 100% of the work or subcontract to another RI certified MBE in order to receive participation credit. Vendors may count 60% of expenditures for materials and supplies obtained from an MBE certified as a regular dealer/supplier, and 100% of such expenditures obtained from an MBE certified as a manufacturer. This form must be completed in its entirety and submitted at time of bid. **Please complete separate forms for each MBE/WBE or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation.**

Name of Subcontractor/Supplier:					
Type of RI Certification:	<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> Disability Business Enterprise		
Address:					
Point of Contact:					
Telephone:					
Email:					
Detailed Description of Work To Be Performed by Subcontractor or Materials to be Supplied by Supplier:					
Total Contract Value (\$):		Subcontract Value (\$):		ISBE Participation Rate (%):	
Anticipated Date of Performance:					

I certify under penalty of perjury that the forgoing statements are true and correct.

Prime Contractor/Vendor Signature	Title	Date
Subcontractor/Supplier Signature	Title	Date

