

REQUEST FOR PROPOSAL FOR AUDIT SERVICES

ISSUING CORPORATIONS:

Alliance for Strategic Growth, Inc.
Eastern Indiana Regional Workforce Board, Inc.

For the Period

July 1, 2009 to June 30, 2010

Date: 3-30-10

**Request for Proposal
Audit Services
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I. GENERAL INFORMATION

A. **Background:** The Eastern Indiana Regional Workforce Board (RWB) has been certified by the Governor as the regional entity to provide strategic leadership and have oversight responsibilities for the Workforce Investment Act and other funding streams as identified in Economic Growth Region 6 (EGR 6). EGR 6 is made up of Blackford, Delaware, Fayette, Henry, Jay, Randolph, Rush, Union and Wayne counties in Eastern Indiana. The RWB has the responsibility to procure a Regional Operator and Fiscal Agent. Alliance for Strategic Growth, Inc. (ASG) was selected by the RWB to provide Regional Operator and Fiscal Agent services to the RWB. ASG is an Indiana Not For Profit, Tax Exempt Corporation.

B. **Purpose**

This Request for Proposal (RFP) is to contract for a financial and compliance audit and 990 and NP20 report for the year ending June 30, 2010. The proposal includes options for two additional one year contracts.

C. **Who May Respond**

Only licensed Certified Public Accountants may respond to this RFP.

D. **Instructions on Proposal Submission**

1. **Closing Submission Date**

Proposals must be submitted no later than 10:00 AM Eastern Daylight Time on Friday, 4-28-10.

2. **Issuing Corporation:**

The Issuing Corporations for this RFP are :

- a. Eastern Indiana Regional Workforce Board, Inc.
- b. Alliance for Strategic Growth, Inc.

3. **Inquires:**

Inquiries concerning this RFP should be directed to Cathy Cross, Controller, Alliance for Strategic Growth, Inc., 765-282-6400, Ext. 111 or by e-mail to ccross@asgcorp.org. If inquiring by e-mail enter "Audit RFP" in subject line. Inquiries to other persons may disqualify the bidder from consideration.

4. **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 RWB or ASG.

5. **Instructions to Prospective Contractors**

One original and four additional bound copies, and one unbound copy of your proposal should be addressed as follows:

For Postal Delivery:
EGR 6 Audit Proposal
Alliance for Strategic Growth, Inc.
P.O. Box 1856
Muncie, IN 47308-1856

For Ground Delivery Only:
EGR 6 Audit Proposal
Alliance for Strategic Growth, Inc.
122 E Main Street
Muncie, IN 47305

It is the responsibility of the Offeror to insure that the proposal is received by ASG by the date and time specified above.

Consideration of late proposals is at the option of the Issuing Corporations.

6. Right to Reject

The Issuing Coprorations, individually and collectively, reserve the right to reject any and all proposals received in response to this RFP. It is understood that submitted proposals will become part of RWB and ASG official files without further obligation. 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 Issuing Corporations 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), by having average annual receipts for the last three fiscal years of less than six million dollars.

8. Notification of Award

It is expected that a decision selecting the successful audit firm will be made within three (3) weeks of the closing date for the receipt of proposals or successful negotiation of contract terms, whichever is later. Upon conclusion of final negotiations with the successful audit firm(s), all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of the name of the successful audit firm.

It is expected that the initial contract shall be for one (1) year commencing on July 1, 2010 and terminating on June 30, 2011. The initial contract will cover RWB and ASG.

Based on satisfactory performance and continuation of need the contract may be renewable in one (1) year increments for up to an additional two years.

E. Description of Entities and Records to be Audited

Eastern Indiana Regional Workforce Board, Inc. (RWB) is appointed by the Local Elected Officials operating under the Workforce Investment Act of 1998 and certified

by the Governor of Indiana. RWB and the Local Elected Officials have competitively selected ASG as Regional Operator and Fiscal Agent for EGR 6.

Alliance for Strategic Growth, Inc. (ASG) is an Indiana 501(c)(3) not for profit corporation. ASG has been determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is governed by a 5 - 18 volunteer Board of Directors. Administrative offices are located at 122 E. Main Street, Muncie, IN 47305. ASG holds subcontracts with various service providers and vendors, including nonprofit organizations and educational institutions.

Records for the audit are located at 122 E. Main Street in Muncie, IN.

Bank Accounts:	Est. # of checks written and ACH Transfers made/year
For Alliance for Strategic Growth, Inc.	
ASG-Main Account	650
ASG-Corporate Account	5
ASG ACH Transfers	80

ASG uses Kintera Fundware financial system for their computerized financial accounting system. There is one set of books maintained by ASG which is subdivided by Fund to track both ASG and RWB budget, revenue and expenses. ASG follows approved Cost Allocation Plans utilizing Excel spreadsheets to calculate the allocation percentages each month for pooled costs based on time charges. Some programs direct charge only and are excluded from the allocation pool. The percentages are entered into the Fundware Allocation module and applied to the appropriate general ledger accounts. Expenses are recorded by Fund and by Cost Center. ASG has a Main Account which serves as the operating account. Within the accounting systems the pooled charges are paid by the Main Account which is reimbursed as appropriate from any other funding sources, such as from the Corporate account.

ASG payroll is processed using the services of a payroll company. All staff payroll, all taxes and net checks are electronically collected by the respective contracted payroll company. Payroll information is submitted to the payroll company for checks and payroll reports. The Payroll company makes all tax payments. Manual checks are issued for corrections as needed.

F. Options

At the discretion of Issuing Corporations, this contract can be extended for two additional one-year periods. The Issuing Corporations and the Offeror will negotiate the cost for the optional periods. 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 initial year.

II. SPECIFICATION SCHEDULE

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 Issuing Corporations.

B. Description of Programs/Contracts/Grants

See Attachment A.

C. Performance

The Issuing Corporation records are to be audited through June 30 of each year of contract.

The Offeror is required to prepare audit reports in accordance with the *Government Audit Standards* (Current Revision), and any additional reports as required by ASG's funding agencies (i.e. Department of Workforce Development, etc.)

D. Delivery Schedule

Offeror is to transmit one copy of the draft and final audit reports as follows:

For ASG and RWB: ASG President and CEO. The draft audit report is due on the 15th calendar day of the seventh month (January 15) following the year end being audited. The final audit report is due on the 15th calendar day of the eighth month (February 15th) following the year end being audited. The Offeror shall deliver ten bound audit reports, two unbound audit reports and one electronic copy. The final audit report is to be delivered prepared for signature and filed with the Federal Audit Clearing House and other appropriate agencies such as the State Board of Accounts, including the preparation of the envelopes for mailing.

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 which do not conform to all of the provisions of this contract, the Issuing Corporation 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.

E. Price

The Offeror's proposed price should be submitted as an independent attachment. The fee for this engagement shall be based upon the cost per unit. A unit is defined as \$1,000 or any portion thereof of the actual expenses incurred. Payment shall be calculated based on the total actual costs audited divided by 1,000 and multiplied by the agreed upon rate. The fees shall be based on the dollar amounts outlined in Attachment A.

If there is a minimum fee to be charged for the engagement, state the minimum fee. If expenses are \$3,000,000 and you expect \$9,000, then the unit rate would be \$3.00 per \$1,000 of expenses. This rate would be calculated on any expenses over the \$3,000,000. Any expenses below the \$3,000,000 would be based on \$9,000 for the engagement.

Any out-of-pocket expenses should also be detailed or they will be assumed to be in the cost per \$1,000 of expenses.

The price for completion of the 990 and NP20 Annual Reports should be detailed separately.

F. Contracts

The maximum number of contracts resulting from this RFP will be one issued to the successful Offeror. One contract will be for the audit of both RWB and ASG and completion of Annual Reports.

G. Payment

Progress payments will be allowed to the extent that the Issuing Corporation can determine that satisfactory progress is being made. Propose an expected payment schedule.

A final payment of at least 25% of the audit contract price will be made when the Issuing Corporation has determined that the total work effort has been satisfactorily completed. Should one of the Issuing Corporations reject the report, the ASG's authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Upon delivery of the required number of bound and unbound copies of the final reports to respective corporations, their acceptance and approval, and successful filing with the Federal Audit Clearing House and State Board of Accounts, the Offeror may submit a bill to the respective corporation for the balance due on the contract for the audit.

Acceptance and approval of the 990 and NP20 Annual Reports.

H. Notifications

The Offeror must agree to notify the contractor at least three (3) weeks in advance of the time the audit field work is scheduled to begin, and the approximate duration of the audit. Field work shall not commence earlier than the 15th working day of October of each year without explicit approval from the contracting entities.

The Offeror must also agree to notify the contractor of the scheduled date and time of the exit conference one (1) week in advance.

I. Audit Review

All audit reports prepared under this contract will be reviewed by respective contractor and its funding sources to ensure compliance with General Accounting Office's (GAO), *Government Audit Standards* and other appropriate audit guides.

J. Exit Conference

One exit conference will be required with the opportunity for participation by RWB and ASG representatives at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed to the extent allowed. It should include internal control and program compliance observations and recommendations.

K. 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 an 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 Contractor.

L. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to the respective contractor, 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 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 Contractor's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

M. 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 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 report the fact that such requirements were not followed and the reasons therefore.

N. Disclaimer

Nothing in this RFP is intended to direct Offeror to conduct the audit in violation of existing audit standards. Offeror should call such discrepancies to the attention of the Issuing Corporations. In the event of discovery of such discrepancies, the remainder of this RFP shall remain in force.

III. OFFEROR'S TECHNICAL QUALIFICATIONS

The Offeror, in its proposal, shall, at a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited in compliance with the Federal Office of Management and Budget Circulars A-133 for the most recent three year period. Offerors should document the level of complexity of the audits and if the audited agencies were multi-funded. Offerors should document specific experience with Employment and Training and similar programs. Experience should include the following categories:

1. Prior experience auditing grant-funded non-profit entities.
2. Prior experience auditing similar programs funded by the State of Indiana.
3. Prior experience auditing programs financed by the Federal Government.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business. Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review. If there has not been a Peer Review, the Offeror should submit why they are exempt from or not participating in Peer Reviews.

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.

Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered. The audit staff listed in the response to this RFP shall be bound to actually perform the audit. Changes in the audit team composition at the Supervisor or Contractor-in-charge level or above must be approved by the respective contractors.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information. The Offeror should provide a copy (electronic or paper) of the workpapers the contractor will be expected to complete to assist the Offeror in conducting the audit.

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 Issuing Corporations, because the Issuing Corporations desire to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. Submission of Proposals

All proposals shall include two copies of the Offeror's technical qualifications, two copies of the pricing information, and two copies of the signed Certifications. These documents will become part of the contract.

B. Nonresponsive Proposals

Proposals may be judged nonresponsive and may be 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 Audit Standards* of the U.S. Comptroller General (Current Revision).

C. Proposal Evaluation

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1. Prior experience auditing	
a. Prior experience auditing grant funded nonprofit organizations	0-10
b. Prior experience auditing similar programs funded by State of Indiana	0-5
c. Prior experience auditing programs financed by the Federal Government	0-5
Contact will be made by the Issuing Corporations of prior audited organizations to verify the experience provided by the Offeror.	
2. Organization, size, and structure of Offeror's firm. (Considering size in relation to audits to be performed.)	
a. Adequate size of the firm	0-5
b. Minority/small business	0-5
3. Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and State(s) in which licensed as a CPA, etc. will be considered.	
a. Audit team makeup	0-5
b. Overall supervision to be exercised	0-5
c. Prior experience of the individual audit team members	0-10

4.	Offeror's understanding of work to be performed.	
	a. Adequate staffing for audit completion	0-5
	b. Realistic time estimates of each audit step	0-5
	c. Realistic expectations of ASG staff	0-5
	d. Organization/user friendliness of schedules	0-5
5.	Price	<u>0-30</u>
	MAXIMUM POINTS:	<u>100</u>

D. Review Process

The Issuing Corporations may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offerors' proposals.

However, the Issuing Corporations individually reserve 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 final approval of the selected contractor is subject to the review and approval by the State Board of Accounts.

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 the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before July 1, 1998.
- G. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards* (Current Revision).
- H. The individual signing certifies that he/she is aware of and will comply with the GAO 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* (Current Revision)
 - 2. OMB Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions* (June 1997)
 - 3. OMB Circular A-133 - *Compliance Supplement* (Revised June 1997)
 - 4. OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations* (1993)
 - 5. OMB Circular A-122, *Cost Principles for Nonprofit Organizations* (May 1987)
 - 6. *A Guide for Nonprofit Organizations: Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contract with the Department of Health and Human Services* (May 1983)
 - 7. *Audits of Voluntary Health and Welfare Organizations* (AICPA Audit Guide)
 - 8. *Audits of Certain Nonprofit Organizations* (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 from 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 _____, 20____.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)

ATTACHMENT A

WIA Administrative	\$	147,807
WIA Adult	\$	1,514,218
WIA Dislocated Worker	\$	776,616
WIA Youth	\$	1,445,828
Rapid Response Economy	\$	673,105
Jobs for America's Graduates	\$	60,238
JAG Coordinator	\$	23,322
Wagner Peyser	\$	221,994
LVER	\$	25,688
DVOP	\$	15,292
UI	\$	218,393
Navigator	\$	44,989
Workforce Acceleration Grant-Adult	\$	279,067
Workforce Acceleration Grant-Dislocated Worker	\$	580,858
Business Services Rep	\$	60,000
Trade Adjustment Act	\$	80,912
Young Hoosiers Conservations Corps	\$	66,078
Career Advancement Accounts	\$	309,574
Veterans Workforce Investment Program	\$	60,556
Total ASG Expenses	\$	6,604,535

Additional quotes should be submitted on the following items unless included in audit price for Alliance for Strategic Growth, Inc.:

Completion of 990 and NP20 and any extensions filed regarding these reports.