

Note: The following sample RFP format and suggested language for auditing services was developed by staff at the Vermont Department of Education and revised slightly by the State Auditor's Office. Though designed for district or supervisory union school financial statement audits, the basic framework here is suitable for many government agencies, departments and non-profit agencies and varying types of audits.

State government agencies and departments should also review the Agency of Administration's Bulletin No. 3.5, "Contracting Procedures" which details the guidelines for developing, issuing and reviewing RFPs and for writing contracts with firms selected.

It is available at this link: http://aoa.vermont.gov/sites/aoa/files/pdf/AOA-Bulletin_3_5.pdf

March 24, 2007 – State Auditor's Office.

REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES

(Name of organization)

(Address)

(City, state, Zip code)

(Date)

REQUEST FOR PROPOSALS

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(NAME OF ORGANIZATION)

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The *(name of organization)* is requesting proposals from qualified firms of public accountants to audit (name of program or school district) for the fiscal year(s) (). These audits are to be performed in accordance with (list regulations) and generally accepted auditing standards.

There is no expressed or implied obligation for the *(name of organization)* to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Copies of a proposal must be received by *(name of contact person, name of organization, and due date)*. The *(name of organization)* reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by an audit committee.

During the evaluation process, the *(name of organization)* reserves the right to request additional information or clarification from proposers or to allow corrections of errors or omissions. At the discretion of *(name of organization)*, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

(Name of organization) reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal is selected.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted otherwise in the proposal submitted and confirmed in the contract between *(name of organization)* and the firm selected.

It is anticipated that the selection of a firm will be completed by *(date)*. Following the notification of the selected firm, it is expected a contract will be executed between both parties by *(date)*.

B. Term of Engagement

A *(insert approximate length in weeks or months)* contract is contemplated.

II. NATURE OF SERVICES REQUIRED

A. General

(Name of organization) is soliciting the services of qualified firms of public accountants to audit *(name of program or school district)*. These audits are to be performed in accordance with the provisions contained in this Request for Proposals.

B. Scope of Work to be performed and Auditing Standards to be followed:

(Name of organization) desires the audit be performed in accordance with generally-accepted auditing standards.

(Name of organization) desires the audit of *(name of program or school district)* be reviewed for accuracy and compliance with *(name/number of regulation(s))*.

C. Special Considerations: Compliance with *(name/number of regulation(s))*.

D. Reports to be Issued: Following the completion of the audit, the auditor shall issue:

1. Verification of information submitted on *(name of form)* to *(name of organization)*. See attached *(name of sample form)*.
2. Irregularities and Illegal Acts – Auditors shall be required to make an immediate written report of all irregularities and/or illegal acts of which they become aware to *(name of organization)*.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years unless the firm is notified in writing by *(name of organization)* of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

(Insert Names of organizations)

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to the matters of continuing accounting significance.

III. DESCRIPTION OF THE ENTITIES

- A. Contact Information - The names, addresses, and telephone numbers of contact persons for *(name of program or school district)* are included in APPENDIX A.
- B. The auditor’s principal contact with the *(name of organization)* will be *(contact person)* or a designated representative who will coordinate the assistance to be provided by *(name of organization)* to the auditor.
- C. Federal Financial Assistance – During the fiscal year to be audited, the *(name of audit)* received the financial assistance under *(name of program)* as indicated in APPENDIX E.

IV. TIME REQUIREMENTS

- A. Proposal Calendar
 - Request for Proposals issued: *(date)*
 - Due date for Proposals: *(date)*
- B. Notification and Contract Dates
 - Selected firm notified by: *(date)*
 - Contract date: *(date)*
- C. Date audit may commence: *(date)*

(Name of organization) will notify *(program or school district)* of pending audits. Actual visitation dates are to be scheduled by the audit firm.

- D. Schedule for the Audit – (A similar schedule will be developed for audits of future fiscal years if the *(name of organization)* exercises its option for additional audits.)
Each of the following shall be completed by the auditor no later than the dates indicated:
 - 1. Interim Work – The auditor shall complete all interim work by *(date)*.
 - 2. Detailed Audit Plan – The auditor shall provide a detailed audit plan to *(name of organization)* by *(date)*.
 - 3. Field Work – The auditor shall complete all field work by *(date)*.

4. Draft Reports – The auditor shall have drafts of the audit report(s) and recommendations to management available for review by *(name of organization)* by *(date)*.

E. Entrance and Exit Conferences

At a minimum, the following conferences should be held by the dates indicated on the schedule:

- * *(date)* – Initial Meeting – The purpose of this meeting will be to advise *(name of organization)* of the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and other needs of the auditor.
- * *(date)* -- Exit conference with *(name of organization)*. The purpose of this meeting will be to summarize the results of the field work and to review significant findings in written reports.

- F. Report Preparation – Report preparation, editing, and printing shall be the responsibility of the auditor.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries – Inquiries concerning the Request for Proposals and the subject of the RFPs must be made to:

(Contact person)
(Name of organization)
(Address)
(Address)
(Telephone number)

2. Submission of Proposals – The following material is required to be received by *(date)* for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and two (2) copies to include the following:
 - i. Title Page: Title page showing the RFP’s subject; the firm’s name; the name, address, and telephone number of a contact person; and date of proposal.

- ii. Table of Contents
 - iii. Transmittal Letter: A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for 45 days.
 - iv. Technical Proposal: The technical proposal should follow the order set forth in Section V. B. of this Request for Proposals.
 - v. Executed copies of Proposer Guarantees and Warranties attached to this RFP (APPENDIX B and C).
- b. The proposer shall submit an original and two (2) copies of a dollar cost bid.
 - c. Proposers should send the completed proposal to the following address:

(Contact person)
(Name of organization)
(Address)
(Address)

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the *(name of program or school district)* in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation.

The technical proposal should demonstrate the qualifications of the firm and/or the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The technical proposal should address all the points outlined in the RFP. The proposal should be prepared simply and economically providing a straight-forward, concise description of the proposer's capabilities to satisfy the requirements of the RFP.

While additional data may be presented, the following subjects-- Items #2 through #10--must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence – The firm should provide an affirmative statement that it is independent of *(name of organization)* and *(name of program or school district)* to be audited.
3. License to Practice in Vermont – An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Vermont.
4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff and other supervisors and specialists who would be assigned to the engagement and indicate whether each person is registered/licensed to practice as a certified public accountant in Vermont. The firm also should provide information on the government auditing experience of each person—including information on relevant continuing professional education for the past three (3) years. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of *(name of organization)*. However, in either case, *(name of organization)* retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagement

The firm should list separately all engagements within the last five (5) years, ranked on the basis of total staff hours, for the (*name of program or school district*) by type of engagement; i.e., audit, management, advisory services, or other. For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagement and other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan--including an explanation of the audit methodology to be followed--to perform the services required in Section II of this Request for Proposals. In developing the work plan, reference should be made to such sources of information.

Proposers will be required to provide the following information on their audit approach:

- a. proposed segmentation of the engagement
- b. level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. type and extent of sampling techniques to be used in the engagement

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from (*name of organization*).

10. Report Format

The proposal should include sample formats for required reports.

C. Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

The *(name of organization)* will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

The first page of the dollar cost bid should include the following:

- a. certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with *(name of organization)*
- b. a total all-inclusive maximum price for the five- to six-month engagement

2. Rates by Partner, Specialist, Supervisory, and Staff level TIMES hours Anticipated for Each (rates x hours =)

The second page of the dollar cost bid should include a schedule of professional fees and expenses presented in the format provided in the attachment (APPENDIX D) that supports the total all-inclusive maximum price.

3. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

All estimated out-of-pocket expenses to be reimbursed should be presented in the dollar cost bid in the format provided in the attachment (APPENDIX D).

All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates and Additional Professional Services

If it should become necessary for *(name of organization)* to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between *(name of organization)* and the firm. Any such additional work agreed to between *(name of organization)* and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VI. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by the Audit Committee selected by *(name of organization)*.

B. Review of Proposals

(Name of organization) will use a point formula during the review process to score proposals. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

(Name of organization) reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both

technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process:

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Vermont.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for *(name of organization)* and *(name of program or school district)*.
- d. The firm adheres to the instructions in this RFP on preparing and submitting the proposal.

2. Technical Qualification (Maximum points – 40)

- a. The qualification of the firm's professional personnel to be assigned to the engagement and of the firm's management support personnel to be available for technical consultation (0 – 20 points)
- b. The firm's past experience and performance on comparable government engagements (0 – 20 points)

3. Audit Approach – Staffing (Maximum Points – 40)

- a. Adequacy of proposed staffing plan for various segments of the engagement (0 – 20 points)
- b. Adequacy of sampling techniques (0 – 20 points)

D. Oral Presentations

During the evaluation process, *(name of organization)* may, at its discretion, request any one or all of the firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions *(name of organization)* may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

It is anticipated that a firm will be selected by *(date)*. Following notification of the firm selected, it is expected a contract will be executed between both parties by *(date)*.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between *(name of organization)* and the firm selected. *(Name of organization)* reserves the right, without prejudice, to reject any or all proposals.

APPENDICES

- A. LIST OF KEY PERSONNEL, OFFICE LOCATIONS, AND TELEPHONE NUMBERS
- B. PROPOSER GUARANTEES
- C. PROPOSER WARRANTIES
- D. PART 1–SCHEDULE OF PROFESSIONAL FEES & EXPENSES FOR AUDIT
- E. PROGRAM(S) OR SCHOOL DISTRICT(S) RECEIVING FEDERAL FINANCIAL ASSISTANCE

APPENDIX A

(Name of Program or School District)

**LIST OF KEY PERSONNEL, OFFICE LOCATIONS, AND
PHONE NUMBERS**

APPENDIX B

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official _____

Typed Name _____

Title _____

Firm Name _____

Date _____

APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it will obtain an Errors and Omissions insurance policy providing a prudent amount of coverage for willful or negligent acts or omissions of any officers, employees, or agents thereof.

- B. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of *(name of organization)*.

- C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official _____

Typed Name _____

Firm Name _____

Date _____

APPENDIX D

Part 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR
THE AUDIT OF *(NAME OF PROGRAM OR ENTITY)*

Services as described in the Request for Proposals, Section II

	Hours	Standard Hourly Rates	Quoted Hourly Rates	TOTAL
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify) _____	_____	_____	_____	_____
Subtotal:				\$ _____
Out-of-Pocket Expenses:				
Meals and Lodging		_____		
Transportation		_____		
Other (specify) _____		_____		
Subtotal Out-of-Pocket Expenses:				\$ _____
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR AUDIT				\$ _____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX E

(PROGRAM(S) OR SCHOOL DISTRICT(S))
RECEIVING FEDERAL FINANCIAL ASSISTANCE