

**REQUEST FOR PROPOSALS
(RFP 15-1)**

Contract Requirements
for the Audit of:

**STATE OF OHIO
OFFICE OF THE AUDITOR OF STATE**
88 East Broad Street
Columbus, Ohio 43215

For the Fiscal Year Ending June 30, 2015

(With the Option to Renew
for the Separate Audits of the Next Three Subsequent Fiscal Years)

Issued by the Ohio Office of Budget and Management
Acting as Agent for

The committee created to appoint the independent CPA
Pursuant to Ohio Revised Code 117.14

January 9, 2015

**STATE OF OHIO
REQUEST FOR PROPOSALS
CONTRACT AUDIT REQUIREMENTS FOR THE ANNUAL AUDIT
OF THE OFFICE OF THE AUDITOR OF STATE**

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**STATE OF OHIO
OFFICE OF THE AUDITOR OF STATE
REQUEST FOR PROPOSALS (RFP 15-1)**

I. INTRODUCTION

A. Legal Authority

Section 117.14, Ohio Revised Code, requires that an Independent Certified Public Accountant (ICPA), appointed by a committee (Audit Committee), conduct an annual audit of the Office of the Auditor of State. The Audit Committee is comprised of the Governor and the Chairmen of the respective finance committees of the Senate and House of Representatives.

The purpose of this Request for Proposal (RFP) is to obtain proposals for the annual audit of the State of Ohio Office of the Auditor to be conducted by an ICPA pursuant to Section 117.14, Ohio Revised Code. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*.

Background

The Audit Committee relies on the assistance of, and contracts with an ICPA to satisfy the obligation to perform the annual audit of the Office of the Auditor of State. Accordingly, the principal client under these contracts is the Audit Committee on behalf of the citizens of the State of Ohio. The professional responsibility of the ICPA accepting such an engagement is to the Audit Committee.

There is, however, some involvement and collaboration by the Auditor of State throughout the structured competitive bidding process designed to obtain the highest quality service at the lowest possible cost. The Audit Committee developed this RFP with assistance from the Auditor of State. All contract documents will be prepared by the Audit Committee to be executed by the ICPA and the Audit Committee.

Organization of the ICPA proposal is critical to receiving the highest possible score on the evaluation forms prepared by the Audit Committee. Evaluators are instructed to locate each of the various evaluation elements and to only award points where the element is clearly addressed.

Evaluators are also instructed to reward concisely presented and Auditor of State-specific information. Boiler plate and data dumps regarding qualifications and experience will be scored lower than information directly related to the Auditor of State and the requirements of this particular RFP.

B. General Information

The Audit Committee is requesting proposals from ICPAs to audit the Office of the Auditor of State's financial statements. The engagement is to be performed in accordance with terms outlined in Section II of the RFP. Procedures are to be performed in accordance with Appendix A of this RFP.

As required and defined by the U.S. Government Accountability Office's *Government Auditing Standards* relating to Auditor Independence, each ICPA submitting proposals must be independent, and remain independent of the Auditor of State during the term of the contract.

Each ICPA who wishes to be considered for selection to perform the audit shall submit to the Audit Committee a complete, concise, and comprehensible proposal in the form and manner specified in the RFP. The Audit Committee will use the information contained in the proposal submitted while selecting the ICPA to perform the engagement.

ICPAs responding to the RFP are expected to familiarize themselves with the requirements of the RFP and the background of the Office of the Auditor of State.

All ICPAs submitting proposals are required to separately state the terms and conditions under which they propose to perform audits for **each** fiscal period.

All ICPA firms submitting proposals will be required to affirm that they are currently in compliance with Ohio CPA Licensure Laws and CPE requirements, Ohio Campaign Finance Laws, Ohio Ethics Laws, and GAO Rules relating to Auditor Independence, and will remain in compliance with these over the course of the engagement as addressed below.

Award of an audit contract to an ICPA and execution or approval of such a contract can be made only by the Audit Committee.

Any audit work performed by an ICPA prior to award and execution of an audit contract by the Audit Committee is unauthorized. The ICPA is responsible and shall bear the cost for any audit fees or costs attributable to such work.

There is no expressed or implied obligation for the State of Ohio to reimburse responding ICPAs for any expenses incurred in preparing proposals in response to this request.

Firm Contact

The ICPA's proposal should clearly state the partner or other party of the firm responsible for the services to the Auditor of State. The name, title, address, phone number, and e-mail address of this responsible party should be included in the proposal.

C. Pre-Proposal Conference

A pre-proposal conference for all ICPAs interested in submitting a proposal will be held at **2:00 p.m. EST on Friday, January 23, 2015** in Jupiter Conference Room 3501, Rhodes State Office Tower, 30 East Broad Street, 35th Floor, Columbus, Ohio 43215. The purpose of the conference is to answer questions about the engagement. While questions will be accepted at the briefing, it is recommended that written questions be sent to the Audit Committee's Liaison in advance of the meeting to permit preparation of written responses. Representatives from the Auditor of State's Office, Audit Committee, and the Office of Budget and Management will be available to answer questions.

Attendance at the pre-proposal meeting is strongly encouraged. Firms present at the pre-proposal meeting will receive two points on the evaluation of proposals relating to audit approach, as discussed in Section VIII. B.

D. Liaisons and Inquiries

Liaisons for the Auditor of State and the Audit Committee follow:

Auditor of State:

William Collier
Chief Financial Officer
Auditor of State's Office
88 East Broad Street, 4th Floor
Columbus, Ohio 43215

Audit Committee:

Daniel Baker
Finance Director, Ohio House of Representatives

Ray DiRossi
Director of Budget and Finance, Ohio Senate

D. Michael Grodhaus
Chief Counsel, Office of Ohio Governor

The Audit Committee will accept written questions from all potential bidders who have received the RFP until **4:00 p.m. EST on Monday, February 2, 2015**. All questions should reference the RFP page number to which the question relates and should be directed by way of e-mail to:

Audit Committee Liaison:

Ohio Office of Budget and Management (OBM)
Attention: Joe Bell
E-Mail Address: joe.bell@obm.state.oh.us

All questions that are received by e-mail from bidders and the respective responses will be posted at the following website: <http://obm.ohio.gov/RFP/>. It is OBM's goal to respond to all questions within 48 hours of their receipt, excluding weekends.

Questions concerning the request for proposals and the subject of the request for proposals must be made to the Audit Committee Liaison, Joe Bell as detailed above.

EXCEPT AS AUTHORIZED BY THE AUDIT COMMITTEE IN THIS RFP, CONTACT WITH PERSONNEL OF THE AUDITOR OF STATE'S OFFICE, THE GOVERNOR'S OFFICE, THE OHIO HOUSE OF REPRESENTATIVES, THE OHIO SENATE, OR THE OFFICE OF BUDGET AND MANAGEMENT REGARDING ANY ASPECT OF THIS REQUEST FOR PROPOSAL OR A RESPONSE TO THIS REQUEST FOR PROPOSAL MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

II. TERMS OF ENGAGEMENT

A. Contract Term

A contract covering professional services applicable to the audit of the Auditor of State's financial statements for the fiscal year ending June 30, 2015 (with an option to renew for the next three subsequent fiscal year audits) will be effective beginning on the date when the formal memorandum of agreement is executed and ending no later than June 30, 2016, subject to Controlling Board approval, if required. The contract shall not be valid and enforceable unless the Director of the Ohio Office of Budget and Management first certifies, under Section 126.07, Ohio Revised Code, that there is a balance in the Office of Budget and Management's appropriation not already obligated to pay existing obligations.

B. Integrated Agreement

The contract, as defined herein, represents the entire and integrated agreement between the Audit Committee and the ICPA, and supersedes all prior negotiations, representations, or agreements, whether written or oral. The RFP, the selected proposal submitted, and memorandum of agreement (Exhibit A) and any amendments executed by the parties constitute

the contract agreement. The contract may be amended only by written agreement of the ICPA and the Audit Committee.

Further, the terms of this contract are non-negotiable. Any attempt to add, subtract, or modify the terms as set forth in this Request for Proposals may result in automatic **disqualification** from the bidding process.

C. Independence / Conflict of Interest / Ohio's Campaign Finance and Ethics Law

1. Independence - As required and defined by *Government Auditing Standards* relating to Auditor Independence, each ICPA firm submitting proposals must be independent and remain independent of Auditor of State's Office during the contract term.

ICPA firms must list and describe any and all nonaudit services that have been provided to Auditor of State's Office over the previous five (5) years. The ICPA firm must state affirmatively that in providing such nonaudit services, the ICPA firm neither performed management functions nor made management decisions for the Auditor of State's Office. Additionally, the ICPA must affirmatively state that having provided such nonaudit services, the ICPA would not, if selected, be auditing its own work.

If no such services were provided, ICPA firms must affirmatively state that they have not provided nonaudit services affecting the audit periods that involved performing management functions or making management decisions for the Auditor of State's Office, and if selected, will not provide nonaudit services to Auditor of State's Office during the term of the contract that would require the firm to perform management functions or make management decisions for the Auditor of State's Office, or would lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the ICPA would be auditing its own work.

Prior to entering into any new agreement to provide a nonaudit service to Auditor of State's Office during the term of the contract, the ICPA must notify the Audit Committee.

2. Conflict of Interest - No officer, member, or employee of the Auditor of State's Office; no member of its governing body; and no other public official of the governing body of the Auditor of State's Office shall participate in any decision relating to the agreement which affects his/her personal interest or have any personal or pecuniary interest, direct or indirect, in this contract, any subcontract or assignment thereof, or in the proceeds thereof.
3. Campaign Finance and Ethics Laws - The ICPA must currently be in compliance with, and will continue to adhere to, the requirements of Ohio's Campaign Finance laws found at Ohio Revised Code § 3517.13 and Ohio's Ethics Law, as applicable and found at § 2921.43 and in Chapter 102 of the Ohio Revised Code.

D. Confidentiality

Matters relating to the engagement shall remain confidential as required by AICPA ET Section 301, *Confidential Client Information*. Matters relating to the audit shall not be discussed with anyone other than officials of the Office of the Auditor of State, the Audit Committee or its designees, or the ICPA without the expressed written consent of the Audit Committee. No opinions, reports, summaries, letters, or other documents prepared with respect to the audit shall be released to the public prior to the Audit Committee's acceptance of the ICPA's final reports, except as required by state or federal law.

E. Indemnification

The ICPA shall indemnify and hold harmless the State of Ohio and its officers, agents, and employees from and against all claims or suits asserted or prosecuted by third parties to the extent arising directly out of error, omission, or negligent act of the ICPA or its subcontractor; and at its own expense, pay all attorney's fees, damages, court costs, and other expenses arising out of such litigation; and at its own expense, shall satisfy and cause to be discharged judgments as may be obtained against the State of Ohio or any of its officers, agents, or employees pursuant to such litigation.

The ICPA shall be given written notice of the assertion of such claims or suits promptly after such matters are brought to the attention of the Audit Committee, and subject to the assent of the Attorney General, the State of Ohio shall be permitted to participate in the defense and settlement of any such suits or claims that impact the interest of the state. Nothing contained herein, however, is intended to confer on any third party any rights or benefits hereunder; nor is the foregoing indemnification obligation intended to alter or extend the ICPA firm's liability for failure to comply with the terms of the contract or for professional negligence or misconduct.

F. Applicable Laws / Independent Contractor / Employment Taxes

The contract shall be construed, interpreted, and the rights of the parties determined, in accordance with the laws of the State of Ohio. If any provision of this contract or the application of any provision is held by an Ohio court of competent jurisdiction to be contrary to law, the remaining provisions of the contract shall remain in full force and effect. The parties irrevocably agree to submit to jurisdiction in a court of proper jurisdiction in Franklin County, Ohio.

The ICPA further shall obey or satisfy all applicable rules, regulations and requirements issued or promulgated under said respective laws by any duly authorized state or federal officials.

The ICPA shall be and remain an independent contractor with respect to all services performed hereunder and any individuals providing personal services under this contract are not a public employee for the purpose of Ohio Public Employees Retirement Systems benefits as described in Chapter 145 of the Revised Code. The ICPA shall accept full exclusive liability for the payments of, including but not limited to, any and all contributions or taxes for Social Security, unemployment benefits, pensions, and annuities now or hereafter imposed under any state or federal laws which are measured by the wages, salaries, insurance of every type and description, any business or personal taxes, or other remuneration paid to persons employed by the ICPA for work performed under the terms of this agreement. The ICPA shall indemnify and save harmless the State of Ohio and the Auditor of State from any contributions, taxes, or liability referred to in this article.

The Audit Committee may from time to time, as it deems appropriate, communicate specific instructions and requests to the ICPA concerning the performance of the work described in this contract. Upon such notice and within a reasonable time, the ICPA shall comply with such instructions and fulfill such requests to the satisfaction of the Audit Committee. It is expressly understood by the parties that these instructions and requests are for the sole purpose of performing the specific tasks requested to ensure satisfactory completion of said tasks by the ICPA and are not intended to expand the responsibilities of the ICPA. The ICPA shall retain responsibility for the management of the work, including the exclusive right to control or direct the manner or means by which the work described herein is performed. The Audit Committee retains the right to ensure that the work of the ICPA is in conformity with the terms and conditions of the contract as specified herein.

The ICPA affirms that it is not delinquent in the payment of any applicable federal, state, and local taxes.

G. Workers' Compensation

The ICPA shall be required at all times during the term of this agreement to subscribe to and comply with the Workers' Compensation laws of the State of Ohio and pay such premiums as may be required thereunder and to save harmless the State of Ohio and Auditor of State from any and all liability from or under said Workers' Compensation act. It shall also furnish, upon request, a copy of the official certificate or receipt showing the payments made as required by law.

H. Work papers, Work Product, and Records Retention

The ICPA will maintain all engagement documentation in segregated files. The ICPA must agree to **provide the Audit Committee unconditional access** to examine and review documents, records, or other papers created or obtained by the ICPA involving its performance under the contract. The ICPA agrees to provide copies of any engagement documentation determined necessary by the Audit Committee. The ICPA also will maintain and provide access to timesheets and expense reports that support the ICPA's invoices under the contract. All records, documents, and other papers shall be retained by the ICPA for a period of five (5) years from the date of completion of this contract.

Upon completion of the engagement, the ICPA will issue the reports thereon and provide an electronic portable document format (pdf) file to the Audit Committee Liaison at the following email address:

joe.bell@obm.state.oh.us

Please note, the report is not considered "submitted" until all required information is received by the Audit Committee Liaison at the e-mail address above.

At the conclusion of the audit, notification of the results of the audit will be sent to the Audit Committee for appropriate authorization and final filing with the State Library in accordance with ORC Section 117.14. The Audit Committee reserves the right to delay the release of fees and require corrective action if the engagement is not performed in accordance with the required professional standards.

I. Cancellation, Termination, or Breach

At the Audit Committee's own initiative or upon request of the Auditor of State's Office, all rights and duties of the parties with respect to the engagement for any year may be terminated by the Audit Committee on or before the first day of the month two months prior to the scheduled start of field work for the period to be terminated.

The Audit Committee may immediately terminate this contract for convenience on an immediate basis with written notice.

In the event of termination by mutual agreement, the ICPA shall be compensated for all productive hours worked, in the Audit Committee's sole judgment, at the specified contractual rate.

If the ICPA fails to fulfill in a timely and proper manner obligations under the contract, the Audit Committee shall have the right to terminate the contract upon written notice to the ICPA specifying the effective date of termination, except through acts of God, floods, fires, storms, strikes, lockouts, riot, insurrection, acts of the public enemy, war, or other like restrictions beyond the control of the parties rendering performance under the contract impossible.

The ICPA shall not be relieved of liability to the State of Ohio for damages sustained by virtue of any breach of the contract by the ICPA. The OBM may withhold or require withholding any payment to the ICPA for the purpose of set-off until such time as the exact amount of damages due the State of Ohio is agreed upon or is otherwise determined.

The Audit Committee may reject the bid of any ICPA firm when such firm, or any of its partners, principals, or members have been convicted of any felony, or crime of moral turpitude; are subject to an unresolved finding for recovery; have violated Ohio Campaign Finance or Ethics Law; have been reprimanded by the Ohio Ethics Commission; or have been sanctioned for any act discreditable, or for failure to comply with other professional ethics standards and rules promulgated by the Accountancy Board of Ohio within the last ten years. Listing of potential reasons for rejection of bids is neither all-inclusive nor exhaustive. The Audit Committee expressly does not waive the right to reject bids for any other appropriate and sustainable basis.

The Audit Committee may immediately terminate this contract when they have reasonable cause to believe that the ICPA has engaged in behavior that would constitute a felony, crime of moral turpitude, or is subject to an unresolved finding for recovery, is in violation of Ohio Campaign Finance Laws, Ohio Ethics Law, or would be subject to a reprimand by the Ohio Ethics Commission or sanctionable as an act discreditable or failure to comply with other professional ethics standards and rules promulgated by the Accountancy Board of Ohio. Listing of potential reasons for termination is neither all-inclusive nor exhaustive. The Audit Committee expressly does not waive the right to terminate the contract for any other appropriate and sustainable basis.

In the event of termination for whatever reason, all property, finished or unfinished documents, data, studies and reports prepared by the ICPA shall be made available to the Audit Committee unconditionally. Nothing contained herein shall prevent the ICPA from preparing and maintaining a complete set of documents relating to the engagement. The ICPA shall maintain a copy of all documents and work papers relating to the engagement, at the ICPA firm's expense, for a minimum of five (5) years from the date of cancellation or termination of the contract, unless the firm is notified in writing by the Audit Committee of the need to extend the retention period.

In addition, the ICPA shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers relating to matters of continuing accounting significance as appropriate in accordance with AU-C 210 and AU-C 510. Any costs associated with this requirement will be the responsibility of the ICPA.

J. Unresolved Findings for Recovery

The ICPA must affirmatively state and warrants and represents that it is not subject to any unresolved finding for recovery issued by the Auditor of State under Ohio Rev. Code § 9.24, or that it has taken appropriate remedial steps required under R.C. § 9.24, or that otherwise qualifies under that section. The ICPA agrees that if this representation and warranty are deemed to be false, the contract shall be declared "void ab initio" between the parties, and the OBM will not be obligated to pay for goods or services rendered under the contract. Any funds paid under the contract shall be remitted by the ICPA to the OBM or an action for recovery of such payments may result.

K. Contract Renewal Option

Through mutual agreement between the ICPA and the Audit Committee, the contract may be renewed to include the respective audits of the Office of the Auditor of State's financial statements for each of the three fiscal years ending June 30, 2016 through June 30, 2018, subject to the availability of appropriated funds, as determined by the Director of the Office of

Budget and Management, in accordance with Section 126.07, Ohio Revised Code, any necessary Controlling Board approval, and the Audit Committee's approval of the ICPA's proposed audit work plan and rates for the audits.

L. Subcontracting / Assignment / Liability

No assignment of the contract, or any portion thereof, shall be made without prior written approval of the Audit Committee.

The ICPA shall be and remain solely responsible to the Auditor of State and the Audit Committee for the acts the ICPA performs or faults of any subcontractor and of any subcontractor's officers, agents, or employees, each of whom shall, for this purpose, be deemed to be an agent or employee of the ICPA to the extent of the subcontract. Each subcontractor shall jointly and severally agree that neither the Auditor of State nor the Audit Committee is obligated to pay or to be liable for the payment of any sums due any subcontractor. The ICPA firm's proposal shall include, at a minimum, the following for all subcontractors:

- a. The name and business address of the subcontractor;
- b. The number of hours of engagement work to be performed by the subcontractor and the average hourly rate to be paid for each fiscal period under the subcontract;
- c. The scope and nature of the engagement work to be performed by the subcontractor for each fiscal period under the subcontract; and
- d. A provision requiring the subcontractor to meet the terms of this Agreement.

In the event the subcontractor is, for any reason, unable to perform, the ICPA shall immediately complete and submit a contract modification form, setting forth the reason for the inability of the subcontractor to perform and identifying for the Audit Committee's approval, a subcontractor to serve as a replacement. The Audit Committee's approval shall not be unreasonably withheld or delayed.

The ICPA shall indicate in its proposal, and if selected, in the appropriate section of the Memorandum of Agreement, the percentage of contract to be subcontracted in contemplation of contract performance. Following the award of the contract, no additional subcontracting will be allowed without the express prior written consent of the Audit Committee.

M. Nondiscrimination and Affirmative Action Program

The ICPA shall not discriminate against any employee or applicant for employment because of race, color, religion, gender, national origin (ancestry), military status (past, present or future), disability, age (40 years of age or older), genetic information or sexual orientation. The ICPA will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, gender, national origin (ancestry), military status (past, present or future) disability, age, (40 years of age or older) genetic information, or sexual orientation, as those terms are defined in Ohio law and federal law. Such action shall include, but not be limited to hiring, layoff, termination, transfer promotion, demotion, rate of compensation, or eligibility for in-service training. The ICPA agrees to post in conspicuous places, available to employees and applicants for employment, notices summarizing the provisions of this equal opportunity clause. The ICPA shall, in all solicitations or advertisements for employees placed by, or on behalf of the ICPA, state that it is an equal opportunity employer. The ICPA shall also comply with Ohio Revised Code §125.111 and Presidential Executive Order 11246, "Equal Employment Opportunity," as amended by Presidential Executive Order 11375, and as supplemented by 41 CFR Part 60.

N. Ohio Election Laws

The ICPA affirms that, as applicable to the ICPA, that neither ICPA, nor any of ICPA's partners, officers, directors or shareholders nor the spouse of any such person, has made contributions in excess of the limitations specified in §3517.13, Ohio Revised Code.

O. BuyOhio and Expenditure of Funds for Services Offshore

The ICPA agrees to comply with the State's Buy-Ohio requirements as specified in ORC 125.11(E). The ICPA shall maintain a significant economic presence in Ohio and shall be registered with the Ohio Secretary of State's Office. In addition, the ICPA affirms to have read and understand Executive Order 2011-12K¹ and shall abide by those requirements in the performance of this Agreement, and shall perform no services required under this Agreement outside of the United States.

P. Smoke and Drug-Free Workplace

The ICPA agrees to comply with all applicable state, local, and federal laws regarding smoke-free and drug-free workplace, and shall make a good faith effort to ensure that any ICPA employees or permitted subcontractors, while working on public property, will not purchase, transfer, use, or possess illegal drugs or alcohol or abuse prescription drugs in any manner.

Q. Child Support

The ICPA agrees to cooperate with the Ohio Department of Job and Family Services and any Ohio Child Support Enforcement Agency (CSEA) in ensuring the ICPA and its employees meet child support obligations established under state law. Further, by executing this agreement, the ICPA certifies present and future compliance with any court order for the withholding of support, which is issued pursuant to state law.

III. NATURE OF SERVICES REQUIRED

A. General

The Audit Committee is soliciting the services of ICPAs to audit the Office of the Auditor of State's financial statements for the fiscal year ending June 30, 2015, with renewal options as described above. The audit is to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be Performed

The scope of work and other requirements related to the engagement shall be governed by Appendix A of this RFP.

The Audit Committee desires the ICPA to express an opinion on the fair presentation of the Auditor of State's basic financial statements, for the fiscal year ending June 30, 2015, with renewal options as previously described in conformity with generally accepted accounting principles.

The ICPA is not required to audit the combining and individual fund financial statements and supporting schedules. However, the ICPA is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The ICPA is not required to audit the statistical section of the comprehensive annual financial report for the Auditor of State's Office.

If the ICPA becomes aware that the Auditor of State's Office is subject to audit requirements that may not be encompassed in the terms of the contract, they shall communicate this situation

¹ <http://www.governor.ohio.gov/Portals/0/pdf/executiveOrders/EO%202011-12K.pdf>

immediately to the Audit Committee Liaison, that in accordance with the established contract, certain relevant legal, regulatory, or contractual requirements may not be met.

C. Auditing Standards

To meet the requirements of this RFP, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* and applicable amendments thereto.

D. Ohio Compliance Supplement Audit/Ohio Revised Code/Legal Review

The ICPA shall perform tests of compliance utilizing the current version of the Ohio Compliance Supplement (OCS) to determine the audit steps to be performed. The ICPA is required to schedule the compliance testing to cover all applicable areas listed in the Supplement for the fiscal year ending June 30, 2015. Sections shall be documented in a logical manner in order to facilitate a review to verify that all applicable areas have been completed. OCS is available online at <https://ohioauditor.gov/references/compliancemanuals.html>.

The ICPA shall obtain a review, by an attorney who is in good standing and licensed to practice law in the State of Ohio, of all suspected illegal acts and non-compliance findings discovered by the ICPA during the course of the engagement, which are incorporated in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* that have a direct and material effect on the determination of financial statement amounts. In this review, the attorney must determine whether there is sufficient evidence to support a written determination that the suspected illegal act or non-compliance occurred. This legal review shall be documented in the ICPA's working papers.

The legal review may be performed by the ICPA's in-house attorney(s) or by sub-contract with an attorney not employed by the ICPA.

In addition to the reports to management which applicable audit standards may require, the ICPA shall be required to immediately report all illegal acts or indication of illegal acts of which it becomes aware to Joe Bell, Audit Committee Liaison, at 614-466-1985.

E. Federal Financial Assistance

The Auditor of State's Office received no federal funds in state fiscal year 2014 and has not applied for any federal funds in state fiscal year 2015. The Auditor of State's Office will not be subject to a separate single audit. If federal funds were received the amounts would be considered a part of the State of Ohio reporting entity and be reported in the State of Ohio Single Audit. The Type A program level for the State of Ohio has been \$30 million and is not expected to decrease in the coming years. Therefore, the ICPA is not expected to subject any federal funds received by the Auditor of State's Office to Circular A-133 requirements.

F. Review of Audit Reports and Work Papers, Work Paper Retention, and Access to Work Papers

All audit reports prepared pursuant to the contract shall be submitted with the final response of the Auditor of State to the Audit Committee Liaison at the following email address:

joe.bell@obm.state.oh.us

In the event that the final reports submitted by the ICPA are not acceptable, the ICPA shall, at no further cost to the State of Ohio, take the necessary steps to prepare and submit acceptable reports.

In the event that the final reports submitted by the ICPA are acceptable, the ICPA shall submit an electronic portable document format (pdf) file of each report directly to the Audit Committee liaison's email address above. No reports shall be released without the written approval of the Audit Committee.

In addition, the ICPA shall respond to reasonable inquiries of successor auditors and allow successor auditors to review work papers relating to matters of continuing accounting significance as appropriate, in accordance with AU-C 210 and AU-C 510.

IV. DESCRIPTION OF THE OFFICE OF THE AUDITOR OF STATE

A. Name of Contact Person for the Auditor of State's Office

The ICPA's principal contact with the Office of the Auditor of State will be the Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Auditor of State's Office to the ICPA.

B. Background Information

The following information is not intended to be all-inclusive. It is, however, intended to give bidders information on the Auditor of State's structure and types of transactions, which may have occurred during the audit period. More information on the Auditor of State's Office can be found on the Internet at the website address: <https://ohioauditor.gov/>. The State of Ohio is not responsible for any decisions made by the ICPA due to information provided in this section of the RFP.

The Auditor of State's Office is established under Chapter 117, Ohio Revised Code, for the purpose of exercising the rights and privileges conveyed to it by the Ohio Constitution and laws of the State of Ohio.

The Auditor of State's Office, which consists of approximately 773 employees, is organized into the following divisions:

- Administrative
- Audit
- Legal
- Ohio Performance Team
- Policy and Legislative Affairs
- Public Affairs

The Auditor of State's Office offers the following major services:

- Conducts financial and compliance audits of state and local governments in Ohio through its Audit Division's regional offices;
- Conducts performance audits of state and local governments in Ohio;
- Provides consulting services, technical assistance, and training to local government officials; and
- Operates the Uniform Accounting Network, a computerized, integrated financial management and information system made available to participating local governments in Ohio.

The Department of Finance within the Administration Division is responsible for the fiscal control of the resources of the Auditor of State. The Auditor of State's fiscal office performs the following major functions:

- prepares the biennial budget;

- processes billings for audit and other services performed by the Auditor of State's Office;
- processes vouchers and other state purchasing documents for vendor payments; and
- compiles the Comprehensive Annual Financial Report for the Auditor of State's Office.

C. Fund Structure

The Auditor of State's Office operates an enterprise fund. Enterprise funds are used to account for the costs of providing goods or services to the general public on a continuing basis, which are financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

For fiscal year 2014, the Auditor of State's Enterprise Fund reported more than approximately \$46.8 million in operating revenues from charges for services and approximately \$70.6 million in operating expenses, of which \$63.2 million was for personal services. The Enterprise Fund also reported approximately \$27.8 million in non-operating revenues derived from its State General Revenue Fund appropriations. The reported change in net position for fiscal year 2014, in the amount of approximately \$4.1 million, resulted in a total net position balance of \$31.1 million, as of June 30, 2014.

As required by the Ohio Revised Code, the Treasurer of State is custodian for the Office's cash and cash equivalents. The Treasurer's cash and investment pool holds the Office's assets, valued at the Treasurer's reported carrying amount. The deposit and investment policies of the Treasurer are governed by the Uniform Depository Act, Chapter 135, Ohio Revised Code.

Additional information regarding the classification of the State's deposits and investments is contained in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

D. Budgetary Basis of Accounting

The Auditor of State's Office operates on a basis other than GAAP during the year. Accounting transactions are conducted on a modified accrual basis through the State of Ohio's accounting system – the Ohio Administrative Knowledge System (OAKS). The Office has several accounts which are segregated for the purposes of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each account is designated by an account number, and an item or Appropriation Line Item (ALI) description. The account and ALI numbers detail the spending control by which the Office manages spending.

The General Assembly appropriates funds to the Office within the State of Ohio's General Revenue Fund. The General Revenue Fund's appropriations are distributed to the Office in two separate ALIs. An ALI limits the use of funds as approved by legislation. The Office's ALI's are further divided into four accounts for budgetary control.

The General Revenue Fund Appropriation Line Items (ALI's) include the following:

GRF-321(Operating Expenses) - The 321 ALI is the general operating account established for the Office. Appropriations may be used for all activities of the Office not required to be included in another account. Unencumbered appropriations lapse at the end of the fiscal year and revert to the State General Revenue Fund.

GRF-403 (Fiscal Watch/Emergency Technical Assistance) - The 403 ALI was established to fund the provision of technical assistance to entities in fiscal watch or fiscal emergency status.

Other State of Ohio Accounts for which the Auditor has responsibility are:

Account 109 Public Audit Expense – Intra-State - Ohio Revised Code (ORC), Section 117.13, establishes the Public Audit Expense - State Agencies. This Section allows the Auditor to charge state agencies for services provided.

Account 422 Public Audit Expense - Local Governments - ORC Section 117.13 establishes the Public Audit Expense - Local Governments. This ORC section sets costs that may be recovered by the Auditor in audit and provision of accounting services to local governments.

Account 584 Training Program - To enhance local government officials' knowledge of governmental accounting procedures, ORC Section 117.44 establishes an account for the Auditor to conduct training programs. ORC Section 117.44 allows the Auditor to determine the manner and content of the training and allows the Auditor to charge the political subdivision attending the training for the actual and necessary expenses of the training.

Account 675 Uniform Accounting Network - ORC Section 117.101 establishes this account for the Auditor to create and maintain a uniform and compatible computerized financial management and accounting system. ORC Section 117.101 also allows the Auditor to charge participating political subdivisions for goods, materials, supplies, and services necessary to maintain the network.

Account 5JZ Leverage, Efficiency, Accountability and Performance Fund (LEAP) – Performance Audits - ORC Section 117.47 establishes an account for the Auditor to loan political subdivisions money for the cost of a performance audit. The advances must be repaid within one year of completion.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures/expenses are recorded as a reserve of the applicable appropriations, is employed as an extension of formal budgetary integration in the State's accounting system. Operating encumbrances are generally canceled five months after the fiscal year-end. Unencumbered appropriations lapse at the end of the State's biennium budget period.

E. Pension Plans

The Auditor of State participates in the Ohio Public Employees Retirement System, a cost-sharing, multiple-employer defined benefit plan.

F. Computer Operations

Significant computer operations associated with financial data that will impact the engagement are as follows:

1. The Office uses Microsoft SQL Servers. Processing is performed at a data center located at the Auditor of State's Office.
2. The Office maintains a local area network (Microsoft Windows) and a wide area network.
3. The Office has a programming section, which develops and maintains programs in-house.
4. Major software applications include: OAKS, maintained by the Ohio Office of Budget and Management for accounts payable transactions; and Teammate, for an audit tracking

application. Microsoft’s Active Directory is utilized as an access control software program. The audit billing and payroll processes utilize Microsoft’s Dynamics GP ERP solution.

5. Finance Department uses Microsoft’s Dynamics GP ERP solution for accounts receivable.

G. Magnitude of Finance Operations

The Finance Department consists of 7 employees. The principal functions performed and the number of employees assigned to each function follow.

<u>Function</u>	<u># Employees</u>
Finance Director	1
Finance/Adm. Supervisor	2
Accounts Payable	2
Accounts Receivable/Billing	2
Staff Accountants/clerks	4
	<hr style="width: 50%; margin: auto;"/>
	11

H. Internal Audit Function

The Auditor of State currently has one staff member within its internal audit function.

I. Availability of Prior Audit Reports and Working Papers

Interested bidders who wish to review the fiscal year 2014 audit report and management letter should contact the Finance Director at the Auditor of State’s Office, 88 East Broad Street, 4th Floor, Columbus, Ohio 43215, (614) 644-7460. The fiscal year 2014 Comprehensive Annual Financial Report for the Auditor of State’s Office can be found at the State Library website at <http://cdm16007.contentdm.oclc.org/cdm/ref/collection/p267401ccp2/id/11044>.

The Audit Committee will use its best efforts to make prior audit reports and supporting working papers available to bidders. Interested bidders who wish to review prior audit reports and supporting working papers should contact the Audit Committee Liaison Joe Bell at joe.bell@obm.state.oh.us.

J. Service Organizations (SOC 1)

A service organization is an entity (or segment of an entity) that provides services to a user organization that are part of the user organization’s information system. SOC 1 reports are generally accepted as a method of communicating information and assurance about the controls that are of interest to the user organizations and their auditors as they relate to audits of the financial statements.

The Office of the Auditor of State uses the following organizations to process certain transactions that are part of the Auditor of State’s information system:

<u>Name of Service Organization</u>	<u>Service Provided</u>	<u>Is a SOC 1 report available?</u>
<ul style="list-style-type: none"> • State of Ohio’s OAKS 	accounting system	Yes

V. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including when proposals are to be submitted:

Request for proposals issued	<u>Friday, January 9, 2015</u>
Pre-proposal conference	<u>Friday, January 23, 2015</u>
Any RFP Questions Due	<u>Monday, February 2, 2015</u>
Due date for proposals	<u>Monday, February 9, 2015</u>

The Audit Committee’s goal is to notify bidders of the contractor selection by **Friday, February 20, 2015** and to execute the Memorandum of Agreement, subject to the State Controlling Board’s approval as necessary, as soon as practicable.

B. Audit Schedule

An audit schedule in the form set forth in Exhibit B shall be submitted with the proposal. All audit work under the contract shall be performed in accordance with the audit schedule established in the proposed engagement timetable (Exhibit B).

The following shall be completed by the ICPA, no later than the dates indicated for the fiscal year 2015 audit. For multi-period contracts, dates in subsequent periods are assumed to occur within seven (7) days of initial schedule.

1. <u>Detailed Audit Plan/Schedule Request</u> The ICPA shall provide a detailed audit plan and a list of all schedules to be prepared by the Auditor of State’s Office.	July 1, 2015
2. <u>Finalization of Accounting Records and Preparation of Draft Financial Statements</u> Staff of the Auditor of State’s Office will complete this step.	September 1, 2015
3. Completion of Field Work	September 21, 2015
4. <u>Completion of Draft Reports</u> The ICPA will make draft versions of the audit report and recommendations available to the Audit Committee and to the Finance Director for review no later than the date shown.	September 25, 2015
5. Delivery of Final Audit Reports	October 1, 2015

C. Entrance Conference, Progress Reporting, and Exit Conference

The ICPA shall conduct consultative sessions with the Audit Committee or its designees and officials of the Auditor of State’s Office, as required by the Audit Committee, and shall participate in an entrance conference (Item 2. of the proposed engagement timetable (Exhibit B)) at which time any corrections or amendments to the audit timetable may be discussed.

The ICPA shall also participate in an exit conference (Item 9. of the proposed engagement timetable (Exhibit B)) at which the audit results will be explained to the officials of the Auditor of State’s Office and the Audit Committee or its designees.

No exit conference shall be held, however, if the Audit Committee determines that the prior conduct of the officials of the Auditor of State's Office endanger the confidentiality of the exit conference or that, due to alleged irregularities discovered in the course of the audit, an exit conference might adversely affect possible criminal prosecution.

D. Timing

Time is of the essence with respect to all matters set forth in the contract or in any audit schedule prepared pursuant to the contract. The engagement timetable must meet the requirements stated in this RFP and allow for completion of all required reports by the stated deadlines. The Audit Committee Liaison must receive written notification should the timetable submitted require modification for any engagement period of the overall contract period. Notifications should be sent via e-mail to Joe Bell, Audit Committee Liaison, at joe.bell@obm.state.oh.us. Changes in the timetable may be made only with the written consent of the Audit Committee.

VI. ASSISTANCE TO BE PROVIDED TO THE ICPA AND REPORT PREPARATION

A. Finance Department and Clerical Support

The Finance Department staff and responsible management personnel will be available during the audit to assist the ICPA by providing information, documentation, and explanations. The preparation of confirmations will be the Finance Department's responsibility.

B. Information Technology Assistance

For the Auditor of State's Office, the Chief Information Officer and Local Area Network Administrator will be available, as needed to provide systems documentation and explanations. The ICPA will not be provided computer time or the use of the Auditor of State's computer hardware and software.

C. Statements and Schedules to be Prepared by Auditor of State's Staff

The Auditor of State's staff will prepare the following statements and schedules for the ICPA by the dates indicated.

Statement/Schedule	FY 2015 Audit
Budget Basis Schedule	August 25, 2015
Trial Balance	September 1, 2015
Basic Financial Statements	September 1, 2015

D. Workspace, Telephones, Internet Access, Photocopying, and Fax Machines

The Auditor of State's Office will provide the ICPA with reasonable workspace, desks, and chairs. The ICPA will also be provided access to one telephone line, photocopying facilities, and fax machines.

E. Report Preparation

The Auditor of State's Office has the responsibility for report preparation, editing, and printing.

VII. PROPOSAL REQUIREMENTS

A. Submission of Proposals

For an ICPA's proposal to be considered, one original and four copies of the proposal must be sealed in one envelope (along with a disk containing an electronic pdf version of the technical and cost proposals)/ and delivered **directly** to the office of the Audit Committee Liaison, and received **no later than 4:00 p.m. EST on Monday, February 9, 2015.**

Joe Bell, Audit Committee Liaison
Ohio Office of Budget and Management
30 East Broad Street, 34th Floor
Columbus, Ohio 43215-3457

No proposals sent to the above liaison by electronic means (i.e., e-mail) will be accepted. **It is the responsibility of the ICPA to ensure their bid is properly received by the stated deadline.**

The proposals must be clearly marked "**Technical Proposal for Auditor of State's Office**" and "**Cost Proposal for Auditor of State's Office**" on the outside envelopes of each proposal as applicable. Any proposal received after the specified time or improperly marked will not be eligible for consideration and will be returned unopened. If the filing deficiency was not determinable or determined prior to the opening of the proposal's envelope, the proposal is still not eligible for consideration and will be returned in its original envelope.

With the exception of the submission of written questions, communications during the pre-proposal conference or oral presentations, until the award and full execution of a Memorandum of Agreement, there should be **no further communication between the ICPA and any employee of the Auditor of State's Office, the Governor's office, The Senate, The House of Representatives, or the Office of Budget and Management**, relating to any aspect of this RFP, except that, during the evaluation process, the Audit Committee reserves the right, where it may serve the best interest of the State of Ohio, to request additional information or clarifications from proposing firms or to allow corrections of errors or omissions. At the discretion of the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

All proposals submitted in response to this RFP become public records in their entirety. By submitting a proposal in response to this RFP, the proposing ICPA expressly waives any confidentiality protection that would otherwise be applicable to the contents of their proposal. The Audit Committee reserves the right to retain all proposals submitted in response to this RFP and to use any ideas in a proposal regardless of whether the Audit Committee selects said proposal. Submission of a proposal indicates the ICPA's acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the ICPA's proposal submitted and confirmed in the contract between the Audit Committee and the ICPA selected.

B. Proposal Format

The following material must be received by **4:00 p.m., EST, on Monday, February 9, 2015** to be considered.

1. In a separate envelope, an original copy (so marked) of a technical proposal and four copies to include the following:
 - a. Title page, listing the RFP's subject; ICPA's name; the name, address, and telephone number of the ICPA's designated contact person; and the date of the proposal.
 - b. Table of contents.

- c. Transmittal letter, signed, briefly stating the ICPA’s understanding of the work to be done; the commitment to perform the work within the time period; a statement why the ICPA believes itself to be the best qualified to perform the engagement; and a statement that the proposal is a firm and irrevocable offer for 90 days.
 - d. Detailed technical proposal that follows the order set forth in Section VII. C. of this RFP.
2. An original (so marked) and four copies of a dollar cost bid in a separate sealed envelope marked, “Sealed Dollar Cost Bid Proposal for Auditor of State of Ohio for Professional Auditing Services.” The cost bid shall follow the format set forth in Exhibit C of this RFP.
 3. The completed proposal consisting of the two separate envelopes for each type of proposal (i.e., technical and dollar cost bid) must be sent to the Audit Committee’s liaison, as listed in Section VII.A.
 4. An accompanying disk shall contain two electronically signed (pdf) documents. The first electronic document should be titled “**Technical Proposal for State of Ohio – Office of the Auditor of State.**” The second electronic file should be titled “Cost Proposal for State of Ohio – Office of the Auditor of State.”

C. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the ICPAs seeking to undertake an independent audit of the Office of the Auditor of State 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 ICPA and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT. SUCH INCLUSION OF COST QUOTATIONS WITHIN THE TECHNICAL PROPOSAL WILL RESULT IN DISQUALIFICATION FROM THE BIDDING PROCESS.

The technical proposal should address all the points outlined in the RFP (excluding any cost information, which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, 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 9., must be included. They represent the criteria against which the proposal will be evaluated. [**Technical proposals should be limited to no more than 30 pages.**]

2. License to Practice in Ohio/Independence (Exhibit H)

The ICPA should provide an affirmative statement that it and all assigned key professional staff are properly licensed to practice in Ohio, have complied with the governmental qualification standards, including governmental continuing education requirements, have undergone or have scheduled to undergo an external quality peer review, and are independent of the Office of the Auditor of State as defined by the U.S. Government Accountability Office’s *Governmental Auditing Standards* and applicable amendments thereto.

The ICPA also should provide an affirmative statement that it is independent of the State of Ohio and any other component units of the State's reporting entity, as defined by those same standards.

The ICPA should also list and describe the ICPA's professional relationships, and list and describe any and all nonaudit services provided to or involving the Office of the Auditor of State or any State of Ohio agency for the past five years, as such nonaudit services are defined by *Government Auditing Standards* relating to auditor independence. The ICPA should provide an affirmative statement that in providing such nonaudit services; the ICPA neither performed management functions nor made management decisions for the client. Additionally, the ICPA should provide an affirmative statement that having provided such nonaudit services, the ICPA would not, if selected, be auditing their own work.

The firm should also provide an affirmative statement that they will not provide nonaudit services to the Office of the Auditor of State during the term of the contract that would require the ICPA to perform management functions or make management decisions for the client, or would lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the ICPA would be auditing their own work.

Prior to entering into any new agreement to provide nonaudit services to the Office of the Auditor of State during the term of the contract, the ICPA must provide a written notice to the Audit Committee Liaison.

The ICPA should apply the GAO Independence Standards relating to Personal and External Impairments to Independence in all relationships with Government Clients, and should provide a list and describe the ICPA's professional relationships that could affect its impartiality or the appearance of impartiality involving the Office of the Auditor of State or any State of Ohio agency for the past five years, together with a statement explaining why such relationships do not constitute an independence impairment relative to performing the proposed audit.

In addition, the ICPA shall give the Audit Committee written notice of any professional relationships entered into during the period of this agreement, relative to parties connected to this engagement that could affect the ICPA's impartiality or appearance of impartiality.

3. Proposed Engagement Timetable (Exhibit B)

The proposal should include a proposed timetable for the fiscal year 2015 engagement. The timetable should be prepared in the format set forth in Exhibit B.

4. Professional Staff Data Sheet (Exhibit D)

Using the format shown in Exhibit D, the ICPA should identify key personnel of the proposed audit engagement team, including engagement partners, managers, supervisors, seniors, assistants, and specialists, who would be assigned to the engagement on a full-time basis or on a part-time basis. The ICPA should also indicate whether each such person is licensed to practice as a certified public accountant in Ohio.

Engagement partners, managers, supervisors, seniors, and specialists may be changed if those personnel leave the ICPA, are promoted, or are assigned to another office. Engagement partners, managers, supervisors, seniors, and specialists named in the proposal may only be changed with the expressed prior written permission of the Audit Committee, which retains the right to approve or reject replacements.

Other audit personnel (e.g., assistants) may be changed at the discretion of the ICPA provided replacements have substantially the same or better qualifications or experience.

The ICPA shall, in providing audit services, utilize the key personnel included in the proposal for the hours specified in the “Schedule of Professional Audit Fees and Expenses” (Exhibit C).

5. ICPA Data Sheet (Exhibit E)

The ICPA should provide the information requested in Exhibit E. If proposer is a joint venture or consortium, Exhibit E should be completed for each firm comprising the joint venture or consortium, and the firm to serve as the principal ICPA should be noted, if applicable.

6. Résumés of Proposed Engagement Management, Supervisors, Seniors, and Technical Specialists (Exhibit F)

Using suggested format in Exhibit F, provide information on the ICPA’s proposed engagement management, supervisors, seniors, and technical specialists listed in Exhibit D, including government auditing experience, educational qualifications, professional certifications and designations, relevant continuing professional education for the past **three years**, and memberships in professional organizations relevant to performing this audit.

7. Scope of Work and Audit Approach (Appendix A)

In the proposal, the ICPA should indicate the scope of work, audit timetable, total budgeted hours, and reports to be issued.

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in this RFP. In developing the work plan, reference should be made to such sources of information as the Auditor of State’s budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Bidders 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 proposed segment of engagement;
- c. Sample sizes and extent of statistical sampling to be used in engagement, including approach to be taken in drawing audit samples for purposes of compliance tests;
- d. Extent of use of automated software in the engagement;
- e. Type and extent of analytical procedures to be used in the engagement;
- f. Approach to be taken to gain and document an understanding of the Office of the Auditor of State’s internal controls, including impact of Auditor of State’s software installation/applications; and
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work in addition to the Ohio Compliance Supplement, such as contracts, etc.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the ICPA’s approach to resolving these problems and any special assistance that will be requested from the Auditor of State’s Office.

9. Other
Technical proposal should include other matters important to understanding the ICPA's proposal.

NO INCLUSION OF DOLLAR QUOTATIONS IN TECHNICAL PROPOSAL

D. Sealed Dollar Cost Bid

1. Total All-Inclusive Fixed Fee

The sealed cost proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive fixed fee to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses and shall be the maximum dollar amount paid for such services.

The first page of the sealed cost proposal should include the following information:

- a. Name of the ICPA.
- b. Certification that the person signing the proposal is entitled to represent the ICPA, empowered to submit the bid, and authorized to sign a contract with the State of Ohio.
- c. Total all-inclusive fixed fees for the fiscal year 2015, 2016, 2017, and 2018 engagements, respectively.

2. Rates by Audit Staffing Position/Hours Anticipated for Each (Exhibit C)

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Exhibit C—Schedule of Professional Fees and Expenses) that supports the total all-inclusive fixed fee for the fiscal year 2015 financial statement audit. The cost of special services of this RFP should be included in the total all-inclusive fixed fee presented in Exhibit C.

Information on proposed hours, average hourly rates, out-of-pocket expenses, and the total fixed fee amounts for each of the respective financial statement audits for fiscal years 2016, 2017, and 2018 should also be included on the second page of the sealed dollar cost bid.

3. Out-of-Pocket Expenses Included in Total All-Inclusive Fixed Fee and Reimbursement Rates

Out-of-pocket expenses for the ICPA's personnel (e.g., travel, lodging, and meals) will be reimbursed at allowable rates not exceeding amounts provided as reimbursement for state employees, as specified in Rule 126-1-02 of the Administrative Code. All estimated out-of-pocket expenses to be reimbursed should be included in the sealed dollar cost bid in the format provided in Exhibit C. All expense reimbursements will be charged against the total all-inclusive fixed fee the ICPA submits.

In addition, a statement must be included in the cost proposal stating the ICPA firm will accept reimbursement for travel, lodging, and subsistence at the prevailing rates for state employees.

4. Contract Modifications

Modifications should only be requested for issues which were not known at the time of the original proposal, including but not limited to, changes in accounting or professional standards, changes in reporting entity, significant changes in funding, etc. ICPA firms must complete a contract modification document, after any necessary discussions with the Audit Committee Liaison, and obtain Audit Committee approval. The Audit Committee will review, and if determined appropriate, approve the signed contract modification document, which will set forth the terms of the contract between the Audit Committee and the ICPA

firm. **Such agreement must be executed by the Audit Committee prior to the performance of any additional work. No remuneration will be granted in relation to work performed prior to execution of such agreement.** Any additions or reductions to the work agreed to between the Audit Committee and the firm shall be at an hourly rate that will not exceed the average hourly rate for the corresponding fiscal period set forth in the schedule of fees and expenses included in the sealed dollar cost bid. If the modification involves an extension of the contract period, such extension is at the discretion of the Audit Committee, and the additional period(s) shall be at a reasonable rate in comparison to the rates for other periods of the contract.

5. **Manner of Payment**

The ICPA may submit interim billings for actual hours worked for up to 80 percent of the contract amount. Progress billings shall be made on the basis of **actual hours of work completed during the billing period** and out-of-pocket expenses incurred in accordance with the ICPA's cost proposal. Interim billings shall cover a period of not less than a calendar month. Payment to the ICPA shall be made in accordance with the prompt payment provisions of Section 126.30, Ohio Revised Code, and Rule 126-3-01 of the Administrative Code.

The ICPA shall submit a signed original or digital electronic .PDF attachment of each itemized invoice to Joe Bell, Audit Committee Liaison at:

joe.bell@obm.state.oh.us

The **SUBJECT LINE** should contain the following:

**Auditor of State
ICPA Firm Name
Engagement Period End**

Example – *“Auditor of State, ABC C.P.A. & Associates, 6/30/2015”*

Invoices without detailed subject lines will be returned to the ICPA firm without approval.

The **FILE NAME** should contain the following:

**Auditor of State
ICPA Firm Name**

Example – *“Auditor of State ABC CPA.pdf”*

Invoices with inadequate file names will be returned to the ICPA firm without approval.

Electronic invoices submitted will clearly designate the

- a. ICPA's name;
- b. ICPA's office location;
- c. ICPA's federal employer identification number;
- d. the nature of the work performed (Interim billings shall include a brief narrative disclosing engagement progress and steps taken to meet established ICPA Due Dates);
- e. number of interim hours worked and billed on the invoice, itemized by staff members involved and their positions (e.g., partner, manager, supervisor, senior, or assistant); and the amount due for payment;
- f. cumulative hours billed for each employee;
- g. hourly rates billed on the invoice;
- h. dollar amount billed for payment; and
- i. cumulative dollar amount billed under the contract.

Exhibit G displays the suggested format for invoices submitted by the ICPA. While Exhibit G is not a required format for billing, all of the information contained in Exhibit G is required to be presented on an invoice submitted for payment under the contract.

All invoices must certify that all amounts set forth therein are properly due and payable for work performed by the ICPA and/or by the specified qualified subcontractors. The final invoice shall, in addition, certify the amount paid to specified qualified subcontractors.

Under no circumstances shall the total amount paid prior to the Audit Committee's final acceptance of the audit work for fiscal year 2015 exceed 80 percent of the total fee for the engagement, as specified in the contract. Upon approval of the final reports by the Audit Committee, the ICPA may submit a final invoice for the remainder due. No payment shall be construed as the Audit Committee's acceptance of the audit work or of any audit reports.

Fees billable by the ICPA must be based on actual hours worked at the approved rate in the contract and are not to exceed the total contract amount, as proposed on the ICPA's submitted schedule of professional fees and expenses (Exhibit C).

Any additional hours used by the ICPA that exceed the proposed hours, as submitted on the schedule of professional fees and expenses (Exhibit C), shall be borne by the ICPA.

The Audit Committee may inspect the records and working papers of the ICPA to determine the validity of billings before the invoices are approved for payment. Adequate records shall be maintained by the ICPA to support all billings. Such records must be retained, as specified in this RFP.

VIII. EVALUATION PROCEDURES

A. Review of Proposals

The Audit Committee will individually score each technical proposal using a point formula during the review process.

After the technical score for each ICPA has been established, the Audit Committee's or its designee will open the sealed dollar cost bid, and additional points will be added to the technical score based on the bid price. The maximum score for price will be assigned to the proposer offering the lowest total all-inclusive fixed fee. Appropriate fractional scores will be assigned to other bidders.

The Audit Committee reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether the proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Bidders meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. As a prerequisite for evaluation, bidders must satisfy the following **mandatory** elements:

- The ICPA must be independent and licensed to practice in Ohio, with participating personnel receiving adequate continuing professional education within the preceding two years as defined by *Government Auditing Standards*.
- The ICPA must have no conflict of interest with regard to any other work performed by the ICPA for the Office of the Auditor of State and submit a copy of the ICPA Data Sheet (Exhibit E) with required attachments.
- Finally, the ICPA must adhere to the instructions in this RFP for preparing and submitting the proposal.

Upon satisfaction of the mandatory criteria, the following items represent the principal selection criteria, which will be considered during the evaluation process.

Expertise and Experience Considerations: Maximum Points = 40

- Relevant Recent Experience, Expertise and Training:

Although experience for the overall firm is important; the qualifications of the specific assigned individuals will be the primary focus for rating this category. Therefore, firms should provide **detailed information** (e.g. name, title, hours, dates, topics) regarding the relevant recent experience, education and training/continuing education **of assigned staff relevant to the performance of this audit**. Information regarding the anticipated number of hours each individual will contribute to the engagement should also be provided.

- Record of issuing timely, quality audit reports.

Audit Approach: Maximum Points = 40

Understanding of scope
Key testing areas appropriate for Auditor of State’s Office
Appropriate hours assigned to key testing areas
Appropriate staff assigned to key testing areas
Appropriate testing approach for key areas. Consider:
- Internal control testing where appropriate/required
- Sampling where appropriate
- Analytics where appropriate
- Testing of IT/automated controls where appropriate
- Innovation regarding way to better serve the Auditor of State’s Office
ICPA’s attendance at pre-proposal meeting
Propriety of audit timetable

Price: Maximum points = 20 (Refer to cost proposal calculation below)

C. Separate Cost Proposal

After the technical score for each firm has been established, the separate cost proposal for the audit engagement will be opened by the Audit Committee Liaison, who will calculate and add cost proposal points to the evaluation form score based on the bid price. The maximum score for cost will be assigned to the firm offering the lowest total all-inclusive fixed fee. Appropriate fractional scores will be assigned to other proposals as follows:

SAMPLE CALCULATION:

- Lowest Cost of All Bids = \$35,000, receives 20 POINTS
- Next lowest bid = \$40,000: $\$35,000 / \$40,000 = .875$
 $.875 \times 20 \text{ points} = 17.5 \text{ POINTS}$
- Next lowest bid = \$45,000: $\$35,000 / \$45,000 = .777$
 $.777 \times 20 \text{ points} = 15.55 \text{ POINTS}$

1. Technical Qualifications (Maximum Points - **80**)

a. Expertise and Experience (Maximum Points- **40**)

	<u>Maximum Points</u>
1. Past experience on government engagements from résumés of proposed engagement management, supervisory staff, and technical specialists assigned	15
2. The quality and timeliness of relevant continuing professional education courses taken by professional personnel to be assigned to the engagement.	10
3. ICPA’s record of quality, timely audit work. ..	10
4. The quality of the ICPA’s management support personnel to be available for technical consultation.	5
Total Maximum Points for Expertise and Experience	<u>40</u>

b. Audit Approach (Maximum Points- **40**)

1. Adequacy of proposed audit scope/ identification and approach to potential audit problems	8
2. ICPA’s attendance at pre-proposal meeting. ...	2
3. Propriety of audit timetable.	2
4. Propriety of budgeted audit/segment hours.	6
5. Understanding of reports to be issued.....	2
6. Propriety of segmentation of engagement and related staffing/hours assigned.....	6
7. Adequacy of sampling techniques and analytical procedures.	4
8. Extent of automated software to be utilized in engagement.....	4
9. Internal control approach.....	6
Total Maximum Points For Audit Approach	<u>40</u>
Total Maximum Points for Technical Qualifications	<u>80</u>

2. Price (Maximum Points - **20**)

Bidder submitting the lowest bid will receive 20 points. Remaining bidders will receive a proportionate score based on the ratio of their proposed cost to the lowest bid.

Total Price Maximum Points.....	<u>20</u>
Combined Total Maximum Score	<u>100</u>

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN ICPA.

D. Oral Presentations

During the evaluation process, the Audit Committee may, at their discretion, request any one or all bidders to make oral presentations. Such presentations will provide bidders with an opportunity to answer any questions the Audit Committee may have on proposals submitted. Not all bidders may be asked to make such oral presentations.

E. Final Selection

In the final selection process, the various bidders that remain under consideration will be compared on the basis of the following:

1. Technical merits of the proposal;
2. Proposed contract price; and
3. Any concerns that may have been raised about a bidder during the selection process.

The ICPA ultimately selected for the engagement will be the bidder, which, in the Audit Committee's judgment, provides the best combination of qualifications and price.

The Audit Committee plans to select an ICPA for the engagement by **Friday, February 20, 2015**. The award of any contract by the Audit Committee may be subject to the State Controlling Board's approval, and consequently, work under the contract shall commence after the Office of Budget and Management's request to the State Controlling Board has been approved, if required.

The ICPA to whom the contract is awarded will be notified of its selection by the e-mail address specified in the proposal. The formal Memorandum of Agreement will be prepared by the Audit Committee and delivered with the notice of award. Failure to complete the Memorandum of Agreement within 10 days of its receipt shall, at the election of the Audit Committee, be considered rejection of the award, at which point the Audit Committee may award the contract to the next most qualified bidder, as determined in the evaluation process.

F. Right to Reject Proposals or Single Proposal Received

Submission of a proposal indicates acceptance by the ICPA of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Audit Committee and the ICPA selected. The Audit Committee reserves the right without prejudice to reject any or all proposals. In the event that all proposals are determined by the Audit Committee to be unacceptable, it may adopt any of the following:

1. Recommence the competitive bidding procedures, including, insofar as the Audit Committee considers necessary, the inclusion of additional bidders;
2. Without further formal proceedings, award the audit contract to an ICPA whom the Audit Committee considers most desirable; or
3. Amend the RFP.

If only one proposal is received, it will be separately evaluated by the Audit Committee to determine whether it is responsive to the RFP, is reasonable in cost, and is in the best interest of the State of Ohio. The determination of the Audit Committee is final.

APPENDIX A

REQUIREMENTS FOR ENGAGEMENT

A. Scope of Work to be Performed

The Audit Committee and Auditor of State desire the ICPA to express an opinion on the fair presentation of the Auditor of State's financial statements in conformity with accounting principles generally accepted in the United States of America. The ICPA will follow applicable standards and guidance in forming this opinion.

The ICPA is to provide an "in-relation-to" report on supplementary information based on the auditing procedures applied during the audit of the basic financial statements. The ICPA should follow the reporting guidance from AU-C 725 regarding supplementary information. The ICPA is not required to express an opinion on the fair presentation of the statistical section or transmittal letter of the report.

If the ICPA becomes aware the Auditor of State is subject to audit requirements that may not be encompassed in the terms of the contract, he or she shall communicate this situation immediately to the Audit Committee Liaison, that in accordance with the established contract, certain relevant legal, regulatory or contractual requirements may not be met.

B. Applicable Auditing Standards

To meet the requirements of this request for proposals, the audit shall be performed in accordance with the American Institute of Certified Public Accountants' auditing standards generally accepted in the United States of America and the most recent applicable U.S. Government Accountability Office's *Government Auditing Standards*.

C. Ohio Compliance Supplement

The ICPA shall test compliance utilizing the most current version of the *Ohio Compliance Supplement* (OCS), to determine the audit steps to be performed. The ICPA must cover all applicable areas listed in the *Ohio Compliance Supplement* over each period. These sections shall be documented in a logical manner in order to facilitate a review to verify that all applicable areas have been completed. OCS is available online on the Auditor of State's website.

D. Reports to be Issued

Following the completion of the audit of the financial statements of the fiscal period, the ICPA shall issue:

1. A report on the fair presentation of the basic financial statements in conformity with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*.
2. A combined report on internal control over financial reporting and on compliance and other matters required by *Government Auditing Standards*.
3. A management letter, if applicable, separate from bound reports.

In addition to the report(s) to management, which applicable audit standards may require, the ICPA shall be required to make an immediate, written report of all illegal acts or indication of illegal acts, which may result in findings for recovery, of which it becomes aware to the Audit Committee Liaison. All reportable conditions, as defined in professional standards, all irregularities, and any material errors identified in the course of the audit shall be immediately directed to the attention of the Audit Committee Liaison. Any

notice of possible irregularities directed to the Auditor of State shall be directed at least one level of management above the alleged or believed to be involved.

E. Special Considerations

1. The Auditor of State prepares a Comprehensive Annual Financial Report (CAFR); it must be submitted with the appropriate audit reports as defined in this RFP.
2. The financial statements of the Auditor of State's Office are included in the State of Ohio's basic financial statements. The Auditor of State's Office is a department of the State of Ohio's primary government. The ICPA will not be required to provide special assistance to the State of Ohio's auditors.
3. The Auditor of State's Office will submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting Program. The ICPA will not be required to provide special assistance to meet the requirements of that program.
4. There were no findings and other weaknesses noted in the Auditor of State's most recent financial statement audit.

EXHIBIT A
MEMORANDUM OF AGREEMENT

This agreement by and between the State of Ohio and [NAME of CONTRACTOR FIRM, FEDERAL TAX I.D.#, & ADDRESS], an independent certified public accountant (ICPA), is effective beginning on the ____ day of _____, 2015 and ending on the 30th day of June, 2016, WITNESSETH:

Whereas, the Ohio Office of Budget and Management, acting as agent for the Audit Committee that is designated under Section 117. 14, Ohio Revised Code, on January 9, 2015 issued a request for proposal (RFP) for the annual audit of the State of Ohio Auditor of State for the fiscal year ending June 30, 2015; and

Whereas, the ICPA responded to the RFP with a formal proposal wherein there was indicated a willingness to perform the audit of Auditor of State, in accordance with the items and conditions set forth in the RFP; and

Whereas, the annual audit of the Auditor of State is required under Section 117.14, Ohio Revised Code, to be performed by an ICPA; and

Whereas, the Audit Committee has determined the ICPA has submitted the proposal most advantageous to the State of Ohio;

NOW, THEREFORE, the Audit Committee and the ICPA do mutually agree as follows:

1. This memorandum of agreement, the RFP, the proposal of the ICPA, and any written documents supplementing, amending, or incorporating the RFP, the ICPA's proposal, and the memorandum of agreement constitute the integrated written agreement of the parties, to be known as the "Contract;"
2. The ICPA shall, in consideration of the payments specified in the proposal, and subject to the requirements of the contract, perform the audit of the State of Ohio Auditor of State for the fiscal year ending June 30, 2015.
3. The State of Ohio will provide the ICPA with such services and support, as specified in the RFP.

IN WITNESS WHEREOF, the Audit Committee and the ICPA have executed this agreement.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

AUDIT COMMITTEE MEMBERS:

By: _____

THE GOVERNOR OF THE STATE OF OHIO

Title: _____

THE CHAIRMAN OF THE
OHIO SENATE FINANCE COMMITTEE

THE CHAIRMAN OF THE OHIO HOUSE OF
REPRESENTATIVES FINANCE COMMITTEE

EXHIBIT B

PROPOSED ENGAGEMENT TIMETABLE

Audit of Office of the Auditor of State
Audit Period: July 1, 2014 through June 30, 2015

Provide your best and realistic estimates. Some variances will be possible upon finalization during the entrance conference. The proposed timetable for the fiscal year 2016, 2017 and 2018 audits will follow similar dates falling within seven days of the schedule submitted hereunder. At no time, however, should the timetable for the delivery of the final reports for the preceding fiscal year go beyond the October 15 statutory limitation set forth under Section 117.14, Ohio Revised Code. NOTE: The State of Ohio requests a final audit report by October 1st of each year in support of the State of Ohio's financial statements.

Target Completion Date	Engagement Task
_____	1. The ICPA provides detailed audit plan and list of schedules to be prepared by the Auditor of State's Office.
_____	2. The ICPA and representatives from the Auditor of State's Office hold fieldwork entrance conference.
_____	3. The Auditor of State's Office finalizes accounting records.
_____	4. The ICPA begins fieldwork at the Auditor of State's Office.
_____	5. The Auditor of State's staff completes draft of financial statements (to the extent needed by the ICPA).
_____	6. The ICPA completes fieldwork.
_____	7. The ICPA provides drafts of audit reports and recommendations to management.
_____	8. The Auditor of State's Office submits in writing final responses to ICPA draft documents.
_____	9. The ICPA, Audit Committee's designated representative(s), and representatives from the Auditor of State's Office hold exit conference.
_____	10. The ICPA delivers final report to the Audit Committee's designee. This date shall be no later than Thursday, October 15, 2015.

Special Note: Both the ICPA and the Auditor of State must notify the Audit Committee's Liaison, if the agreed upon timetable requires significant modification. Significant changes in the timetable may be made only with the written approval of the Audit Committee's Liaison.

EXHIBIT C

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
 (To Support the Total All-Inclusive Maximum Fixed Fee
 for the Audit of the Financial Statements of the Auditor of State)

Quote for FY 2015 Audit of the Financial Statements of the Auditor of State:

	Hours	Hourly Rates	Total
Partners.....		\$	\$
Managers.....		\$	\$
Supervisors.....		\$	\$
Staff.....		\$	\$
Other (Specify):.....		\$	\$
Out-of-Pocket Expenses.....			\$
			\$
Total Maximum Fixed Fee Bid for Fiscal Year 2015 Audit			\$

Quotes for Future Audits of the Financial Statements of the Auditor of State:

	Hours	Average Hourly Rates	Out-of- Pocket Expenses	Total Fixed-Fee
Fiscal Year 2016		\$	\$	\$
Fiscal Year 2017		\$	\$	\$
Fiscal Year 2018		\$	\$	\$

EXHIBIT D

PROFESSIONAL STAFF DATA SHEET

Below, list the names of all full-time and part-time staff members (by level) to be assigned to the audit engagement team for the period, July 1, 2014 through June 30, 2015. For each member of the audit team listed below, specify whether each such person is licensed to practice as a certified public accountant in Ohio.

Full-Time Basis:

Partners: _____

Managers: _____

Supervisors: _____

Seniors: _____

Assistants: _____

Technical specialists
and specialties of each: _____

Other (Specify): _____

Total Number of Staff Assigned: _____

Part-Time Basis:

Partners: _____

Managers: _____

Supervisors: _____

Seniors: _____

Assistants: _____

Technical specialists
and specialties of each: _____

Other (Specify): _____

Total Number of Staff Assigned: _____

EXHIBIT E

ICPA DATA SHEET

For ICPAs with multiple offices in Ohio, a separate form for each office expected to participate in this engagement should be completed.

Name of Firm _____

Address: _____

City: _____ State: _____ Zip: _____

FEIN #: _____ State Registration #: _____

Contact Person/Title: _____

Phone: _____

Employee Profile — This Office:

	<u>Total</u>
Partners	_____
Managers.....	_____
Supervisors.....	_____
Seniors	_____
Assistants	_____
Total Professionals	_____
Other Employees (includes administrative and clerical staffs).....	_____
Total Employees (this office only).....	=====

	<u>Ohio Offices</u>	<u>Nationwide</u>
Total Employees (includes professional, administrative, & clerical staffs)	_____	_____
Percentage of Women	%	%
Percentage of Minorities	%	%

Does your firm undergo formal peer reviews? ___ Yes ___ No

If *yes*, provide date of the most recent review. _____

Does your firm have a formal internal quality control system? ___ Yes ___ No

Number of governmental audit staff members _____

EXHIBIT E (Continued)
ICPA DATA SHEET
Page 2

Other Required Information from Your Firm:

- Please attach any written details on the results of any federal or state desk reviews or field reviews of your firm’s audits during the past three years. If no such reviews of have been conducted, please indicate this fact.
- Please attach a description of the circumstances and status of any disciplinary action taken or pending during the past three years with state regulatory bodies or professional organizations. If no such action has been taken or is pending, please indicate this fact.
- Attach a list of all governmental clients in Ohio served within the past five years. Provide the name and county location of the governmental client, name and telephone number of the principal client contact, date, engagement partners assigned, total staff hours, location of the ICPA’s office from which the engagement was performed, and type of service provided (e.g., audit, management advisory, etc.).
- Attach a list of all state contracts (including those with the Ohio Office of Budget and Management, other state agencies, and state-assisted institutions of higher education) that your firm has had since July 1, 2013 through the date of the response to the RFP. For each state contract, your response should be displayed in the following manner and should include the names of the contracting state agency, a brief description of the type of services provided, contract period, the percentage of completion, and the rates and total amount of each contract award.

State Agency: _____
Contracted Services: _____
Contract Period: _____
Contract Amount: _____

EXHIBIT F

RÉSUMÉ FORMAT

INDIVIDUAL'S NAME

BACKGROUND:

Position and Past and Current Responsibilities

School/Degree(s), Professional Certification(s) and Designation(s)

Title
[Senior, Partner]

Audit Role and Involvement
[include information regarding what the staff member is responsible for and the amount of time he/she plans to spend on the audit]

**PREVIOUS GOVERNMENT
AUDITING EXPERIENCE:**

Client's Name

Staff Member's Responsibilities

Number of Hours Spent on Audit

Client's Name

Staff Member's Responsibilities

Number of Hours Spent on Audit

Client's Name

Staff Member's Responsibilities

Number of Hours Spent on Audit

RELEVANT CONTINUING PROFESSIONAL EDUCATION (for the past three years):

RELEVANT MEMBERSHIPS IN PROFESSIONAL ORGANIZATIONS:

EXHIBIT G

SAMPLE INVOICE FORMAT

Date

Joe Bell
Audit Committee Liaison
Ohio Office of Budget and Management
30 East Broad Street, 34th Floor
Columbus, Ohio 43215-3457

This represents our first (second, third, etc.) invoice for auditing services rendered in connection with the examination of the financial statements of the Auditor of State’s Office for the period, July 1, 2014 through June 30, 2015.

- 1. Firm FEIN: _____
- 2. Audit Services for the Month(s) of: _____
- 3. Billing Detail:

Staff Assigned (By Individual)	Position	Hourly Rate	Current		Cumulative to Date	
			Hours Billed	Amount Billed	Hours Billed	Amount Billed
				\$		\$
Total				\$		\$

- 4. Hourly Rate per Contract _____
- 5. Billed this Invoice _____
- 6. Cumulative Billing _____
- 7. Maximum Contract Amount _____

Progress of Engagement:

(Provide a brief narrative disclosing progress on the engagement and steps to be taken to meet the established IPA Due Date.)

[INSERT NAME OF ICPA] hereby certifies that all amounts set forth in this invoice are properly due and payable for work performed by either ICPA or a qualified subcontractor.

Submitted by:

Signature of ICPA's Representative

Date

Audit Committee Liaison Approval:

Audit Committee Liaison

Date

EXHIBIT H

ICPA NONAUDIT SERVICES
GAO INDEPENDENCE NOTIFICATION / EVALUATION
FOR SERVICES CONTEMPLATED SUBSEQUENT TO THE RFP PROCESS

INSTRUCTIONS – Each Independent Public Accounting Firm (IPA) must provide prior notification to the Audit Committee Liaison when the IPA performs the engagement on behalf of the Audit Committee and also intends to provide any nonaudit service, as defined by the most recent applicable *Government Auditing Standards* relating to Auditor Independence, not disclosed in the firm’s proposal. By completing and submitting this form to the Audit Committee Liaison, the firm asserts that the firm and all assigned key professional staff (and subcontractor, if applicable) are independent of the Auditor of State’s Office as defined by U.S. Government Accountability Office’s *Government Auditing Standards*, the firm and all assigned key professional staff (and subcontractor, if applicable) are, and will remain, in compliance with GAO rules relating to auditor independence and that in providing such nonaudit services, the ICPA firm neither performed management functions, made management decisions for the Auditor of State’s Office nor would lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude the ICPA firm would be auditing its own work. Forward ONE FORM PER NONAUDIT SERVICE to: joe.bell@obm.state.oh.us

GENERAL INFORMATION

Public Office: _____	IPA: _____
Contact: _____	Contact: _____
Phone: _____	Phone: _____
County _____	Date _____

NONAUDIT SERVICE

Nonaudit Service Period _____

Anticipated Completion Date: _____

Provide a brief description of the Nonaudit Service (detailed information may be attached).
