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## PROCUREMENT PROCESS FOR THE CONTRACT RELATING TO OMB SINGLE AUDIT SERVICES FOR LOCAL HEALTH DEPARTMENTS

**Request for Proposals**

**to Audit**

**(Name of Local Health Department)**

**Date:** **(Date Published/Released to Vendors)**

*Rev: March 21, 2016*

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**Section I**

**General Information**

**A. Issuing Office**

This Request for Proposals, hereinafter referred to as RFP, is being issued by  (name of authorized entity, authorized official, and address) .

**B. Purpose of Document**

The purpose of this RFP is to solicit proposals to audit the   [name of Local Health Department (LHD)]   , hereinafter referred to as this LHD, for the fiscal year ended  June 30, 20XX , from independent certified public accounting firms, hereinafter referred to as FIRM(s), qualified to do business in the Commonwealth of Kentucky. Audits of local health departments are mandated by the Kentucky Department for Public Health and the United States Office of Management and Budget (OMB) 2 CFR, Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Subpart F, hereinafter referred to as OMB SINGLE AUDIT.

**C. Commitment of LHD**

This LHD reserves the right to withdraw this RFP at any time and for any reason. Receipt of proposal materials by LHD or submission of a proposal to LHD confers no rights upon FIRM nor obligates this LHD in any manner.

A personal service contract, based on this RFP, may or may not be awarded. Any contract resulting in an award from this RFP shall not become effective until properly approved by   (name of authorized entity)     and executed by   (name of authorized entity) . Any agreement shall be construed and interpreted according to the laws of the Commonwealth of Kentucky. This RFP and FIRM’s proposal, or portions thereof, shall become a part of the contract, if and when executed.

**D. Inquiries**

This LHD shall not respond to any inquiries concerning this RFP. Improper contacts concerning this solicitation may result in disqualification of FIRM from the procurement process or cancellation of the contract. Any verbal representations made or assumed to be made during any oral discussion held between representatives of FIRM and any representative of this LHD are not binding on this LHD.

**E. Cost of Preparing Proposal**

Costs of developing the proposal are solely the responsibility of FIRM. This LHD shall provide no reimbursement for such costs. Any costs associated with any oral presentations to this LHD shall be the responsibility of FIRM and shall in no way be billable to this LHD.

**F. Partial Performance**

In the event FIRM fails to comply with the provisions of the contract to the satisfaction of this LHD, payment of the contract shall be withheld until such time as the contract terms have been satisfied.

**G. Cancellation**

This LHD may, upon at least thirty (30) days written notice to FIRM, terminate this agreement in whole or in part, for just cause, which shall include failure of FIRM to fulfill in a timely and proper manner the obligations under the contract. In such event, all documents, data, studies, and reports prepared for this LHD shall become the property of this LHD.

**H. Time Requirements**

1. Submission Date for Proposals

To be considered for contract award,  (the required number) sealed copies of each technical proposal requested by this RFP must be marked “Technical Proposal—DO NOT OPEN” and must be at the office of    (name of designated official and address) by   (close of business) on (required date)     . Additionally,    (the required number)  sealed copies of each cost proposal requested by this RFP must be marked “Cost Proposal—DO NOT OPEN” and must be at the office of   (name of designated official and address) by  (close of business)      on  (required date) .

2. Period of Contract

If a contract is issued, the contract period shall be from   (date of contract signing) through June 30, 20XX. However, the final audit report is due by October 31, 20XX.

3. Period of Audit Coverage

The period of audit coverage shall be from July 1, 20XX, through June 30, 20XX.

4. Submission Date for Draft Reports

FIRM shall deliver to   (name of authorized entity)     a copy of draft reports completed no later than  (required date) .  (Name of authorized entity) shall complete a report review, including any working papers deemed necessary, and notify FIRM of discrepancies, if any, to be corrected. FIRM shall correct reported discrepancies.

**I. HIPAA**

Both parties agree to abide by the rules and regulations regarding the confidentiality of personal medical records as mandated by the Health Insurance Portability and Accountability Act (42 USC 1320d) and set forth in federal regulations at 45 CFR Parts 160 and 164. Any subcontract entered by the second party as the result of this agreement shall mandate that the subcontractor is required to abide by the same statutes and regulations regarding confidentiality of personal medical records as is the second party.

## Section II

## (Name of LHD)

## Background and Records

**A. Background**

This LHD serves   (number of)   counties  [or list of counties]   and is governed by a Board of Health. It receives restricted and unrestricted state grant funds, federal grant funds which are passed through the state and also may be received directly from federal agencies, local funds from taxing districts and local governments, and service fees from Medicaid and other payors for services provided by this LHD.

**B. Records to Be Audited**

FIRM shall perform financial and compliance audits of the books and records of this LHD. These books and records include, but are not limited to, the following:

1. Receipts

2. Disbursements

3. General Ledger

4. Revenues and Expenses, Detail Report by Cost Center

*LHDs that use CDP should state, “This LHD uses a service center for data processing, the service center was audited for the year ended June 30, 20XX, and the auditor’s opinion was unmodified.”*

*LHDs that do not use CDP should indicate the extent to which their financial records are computerized—extensive, moderate, or minimal extent of computer use.*

**C. Cost Centers**

This LHD’s Cost Centers are as follows:

*(Each LHD will include in its RFP the actual Cost Centers it uses. Examples are shown in the following table.)*

|  |  |
| --- | --- |
| 1. Food | 30. Minor Restricted Receipts |
| 2. Public Facilities | 31. Abstinence Education |
| 3. Gen. Sanitation | 32. Childhood Immunization |
| 4. On-Site Sewage | 33. Dental Field Staff |
| 5. Pediatric Visits | 34. School Health Programs |
| 6. Family Planning | 35. Environmental Programs |
| 7. Maternity Visits | 36. Ryan White Services |
| 8. WIC Visits | 37. Hospice |
| 9. MCH Nutrition | 38. Handicapped Child Adm. |
| 10. Tuberculosis | 39. Medicaid Managed Care |
| 11. Sexually Transmitted Disease | 40. School Health |
| 12. Adult Visits | 41. State Care Coordinator |
| 13. HIV Testing | 42. Home & Comm Service Waiver |
| 14. Resource Mothers | 43. Ambulance Service |
| 15. HANDS Program | 44. Adult visits & FWP. |
| 16. Home Health | 45. Special Project Cancer |
| 17. Home Services Med. Ind. | 46. N/Trad In-Home Service |
| 18. Medicaid Waiver | 47. Core Health Assessments |
| 19. EPSDT Verbal Notification | 48. Ky Early Intervention Visits |
| 20. Vital Statistics | 49. Cancer Outreach |
| 21. Capital Expenditures | 50. HIV Prevention |
| 22. Allocable Direct Expenditures | 51. Farm Safety |
| 23. Diabetes | 52. Clinic Indirect |
| 24. Space Indirect | 53. Medical Indirect |
| 25. Departmental Indirect | 54. Abstinence Grant |
| 26. Environmental Indirect | 55. Public Health |
| 27. Home Health Indirect | 56. Medicaid Outreach |
| 28. Pediatric-Adolescent | 57. Core Public Health Assessment |
| 29. Environmental Programs | 58. Minor Cost Center 883 Special |

This LHD records revenues and expenditures on the cash basis of accounting or on prescribed basis in accordance with the requirements of various funding sources and the financial management policy established by the Kentucky Cabinet for Health Services, Department for Public Health.

For the fiscal year ended June 30, 20XX, this LHD’s total expenditures are estimated to be $      .

Total expenditures by federal program are estimated to be  (Name of program and $ amount for each federal program) .

**Section III**

**Nature of Audit Services Required**

**A. Objectives of the Audit**

The objectives of the audit are to determine whether (a) the LHD’s financial statements are fairly presented in all material respects in accordance with the required basis of accounting, and, if applicable: (b) the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the financial statements taken as a whole, (c) the LHD has internal controls over compliance with requirements that could have a direct and material effect on each major Federal program and on internal control over compliance in accordance with OMB Single Audit.

**B. General Nature of Audit Services**

FIRM shall audit the following:

* All federal, state, and local funds received and expended by this LHD;
* The books, accounts, and records of this LHD by Cost Center.

**C. Determination of Audits to be Performed**

FIRM shall audit the LHD according to --

* Single Audit Threshold, which is defined as: LHDs that expend $750,000 or more of federal awards in the current fiscal year shall have an OMB Single Audit. LHDs that expend less than $750,000 of federal awards are exempt from the OMB Single Audit, however, shall have a financial audit performed according to Generally Accepted Government Auditing Standards (GAGAS) and as prescribed by 902 KAR 8:165 Section 2.

**D. Audit Standards to Be Followed**

The audits shall be conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* (current revision); the provisions of the U.S. Office of Management and Budget (OMB) 2 CFR, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

**E. Specific Reports to Be Issued**

FIRM shall provide the following reports to   (name of authorized entity)    :

1. Auditor’s opinion on the financial statements and on the schedule of expenditures of federal awards.
2. Statement of assets, liabilities, and fund balance.
3. Statement of revenues and expenditures by Cost Center. (See Section II for a list of Cost Centers.)
4. Statement of changes in fund balance.

5. Comparative schedule of budgeted to actual revenues and expenditures by Cost Center.

6. Audit adjustments. If there are no audit adjustments, a statement to this effect must be included in the audit report.

7. If applicable, Schedule of Expenditures of Federal Awards, as required by OMB Single Audit.

8. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* (current revision)*.*

9. If applicable, Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Single Audit.

10. Schedule of Findings and Questioned Costs, including three sections:

1. Section I: Summary of Auditor’s Results,
2. Section II: Financial Statement Findings. and
3. Section III: Federal Awards Findings and Questioned Costs.

11. If applicable, Management’s Response and Corrective Action Plan (CAP).

12. Communications with Those Charged with Governance.

Notice: Any internal control and compliance deficiencies that are not significant deficiencies or material weaknesses must be described in a written, Communication with Those Charged with Governance and which must be referenced in the auditor’s report in accordance with *Government Auditing Standards* as a separate letter. This letter must be submitted to   (name of authorized entity)     with the other reports noted in this section.

**F. Reporting Criteria**

The reports described in Section III.E. above shall be presented in accordance with the guidance provided by the American Institute of Certified Public Accountants (AICPA) Audit Guide: G*overnment Auditing Standards and Single Audits* (current revision).

G. Findings and Communications with Those Charged with Governance.

1. Significant deficiencies

The reports shall contain all significant deficiencies, and material weaknesses. All other deficiencies and other matters conveyed to management shall be in writing in the Communications with Those Charged with Governance and shall be discussed during the exit conference.

Significant deficiencies presented as part of the reports shall be well developed and shall consist of the following components to the extent practicable:

1. A statement of deficiency;
2. The criteria for the significant deficiency;
3. The cause of the deficiency;
4. The effect of the deficiency;
5. A recommendation for correction; and
6. Management’s response and corrective action plan.

2. Uncorrected Prior Comments and Questioned Costs:

If applicable, FIRM shall report on any uncorrected comments reported in the preceding audit. Also, if applicable, FIRM shall report on the status of prior-year questioned costs, whether resolved with the federal grantor or unresolved. The questioned costs to be reported on shall include all questioned costs from the preceding audit plus any unresolved questioned costs from prior years.

3. FIRM shall immediately report, in writing, any fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, irregularity, or illegal act or indication thereof that comes to its attention during the term of the contract. The report shall be made to the Commissioner of the Kentucky Department for Public Health, Cabinet for Health and Family Services.

**Section IV**

**General Contractual Information**

**A. This LHD’s Responsibilities**

1. This LHD shall make all files and records accessible to FIRM, on site.
2. This LHD shall provide assistance to FIRM, namely, gathering supporting documentation from the files and preparing schedules.
3. This LHD shall make appropriate personnel available for interviews and information-gathering purposes.
4. (Name of authorized entity)     shall designate a liaison to coordinate activities between this LHD and FIRM.
5. (Name of authorized entity)     shall execute written management representations in a letter to the FIRM taking responsibility for the financial statements and for establishing and maintaining effective internal control over financial reporting.
6. (Audit Committee)     will discuss the draft audit report with FIRM and shall provide FIRM a written response to the draft report within one week of receiving it.
7. (Audit Committee, the Department for Public Health, and/or the Office of Inspector General) may review and comment on FIRM’s audit working papers.
8. (Audit Committee and Department for Public Health)     shall review and provide written acceptance of the final audit report and   (name of authorized entity)    shall provide payment to FIRM in accordance with Section IV.C.
9. Upon final approval by   (name of authorized entity)    , FIRM shall be responsible for working with this LHD to distribute all approved final audit reports.

**B. FIRM’s Responsibilities**

1. FIRM shall designate a project manager who shall be the contact with    (name of LHD and/or Audit Committee)  . The project manager shall oversee all activities for FIRM in relation to this audit.
2. FIRM shall be responsible for familiarity with appropriate state and federal laws and regulations; the *Administrative Reference* issued by the Cabinet for Health and Family Services, Department for Public Health; and appropriate auditing standards and requirements, including Generally Accepted Auditing Standards and requirements issued by the American Institute of Certified Public Accountants; *Government Auditing Standards and Single Audits* (current revision) issued by the Comptroller General of the United States; and the OMB Single Audit.
3. FIRM shall be responsible for personnel, supplies, and equipment including communications and transportation.
4. FIRM shall be responsible for all services offered in FIRM’s proposal, regardless of whether FIRM provides such services.
5. FIRM shall have general professional liability insurance or specific professional liability insurance for this engagement and provide proof of said coverage in its technical proposal.
6. FIRM shall be responsible for correcting all material errors and omissions in the performance of the contract.
7. FIRM shall notify    (Audit Committee or other authorized entity or individual)    when field work begins on the audit.
8. FIRM shall communicate by telephone no less than weekly with the liaison designated by   (Audit Committeeor other authorized entity)    .
9. FIRM shall communicate in writing any proposed personnel substitution (including their qualifications) to  (Audit Committee or other authorized entity)      and receive written approval prior to implementation.
10. FIRM shall provide a draft copy of the audit report to   (Audit Committee and other authorized entity and individuals)    by October 1, 20XX, and discuss its contents with    (authorized entity and individuals)  .
11. Upon completion of field work and after providing a draft copy of the audit report to  (authorized entity and individuals)    , FIRM shall conduct an exit conference with   (authorized entity and individuals)   .
12. Upon request, FIRM shall provide copies of working papers to this LHD, the Department for Public Health, and/or the Office of the Inspector General at no additional cost.
13. Upon written approval by    (authorized entity)  , FIRM shall deliver   (required number)     copies of the final audit report to  (authorized entity)    by October 31, 20XX.
14. Upon final approval by  (name of authorized entity)    , FIRM shall be responsible for working with this LHD to ensure proper, complete, and timely submission of the Data

Collection Form and reporting package to the Federal Audit Clearinghouse in accordance with OMB Single Audit.

1. FIRM shall retain, at FIRM’s expense, all working papers and reports for a minimum of three (3) years or until all audit-related disputes are resolved. FIRM shall be required to make working papers available, upon request, to designated representatives of  (name of LHD or other authorized entity)    , the Kentucky Department for Public Health, and/or the Office of the Inspector General.
2. FIRM shall respond to all inquiries of successor auditors, in accordance with AICPA AU Section 315.

**C. Payment for Services**

1. Payment Procedures

Payment is predicated upon completion of the described work and delivery of the required documentation.

Invoices must be signed, by an individual authorized to legally bind FIRM, and submitted to  (designated LHD individual and address)      with adequate supporting documentation, including but not limited to the following:

1. FIRM’s invoice number
2. This LHD’s personal service contract number
3. “Remit to” address
4. Description of the services performed
5. Period the services cover
6. Total hours worked, broken down by charge rate and the following personnel categories: Partner, Manager, Supervisor, Senior, and Staff.
7. Total hours worked, broken down by charge rate and FIRM individual
8. Travel costs, identifying the date and purpose of trip, amount of lodging costs, number of miles driven, cost per mile, and total mileage costs

2. Method of Payment

After appropriate review and approval of FIRM’s invoices, this LHD shall process such invoices for payment. Every reasonable effort shall be made to provide payment to FIRM within 30 days after receipt and approval of a properly supported invoice.

1. FIRM may submit an invoice for 50% of the contracted amount prior to submission of final audit report to this LHD.
2. FIRM may submit an invoice for the remaining 50% of the contracted amount upon submission of the final report to this LHD.

3. Penalties for Non-delivery or Late Delivery of Services

Penalties for non-delivery or late delivery of services shall be established during the contract negotiation process.

*This discussion of penalties can be expanded in the RFP, at the discretion of the LHD.*

**D. Modifications to Statement of Work**

Any modifications to the statement of work shall be thoroughly discussed with FIRM and agreed to in writing by FIRM and this LHD prior to implementation. If necessary, the contract amount shall be amended to reflect such modification.

**E. Verification of Information**

This LHD may request documentation from FIRM of any information provided in its proposal. In addition, this LHD may contact any prior clients of FIRM listed in Section V.

**Section V**

## Technical Proposal

**A. Responsiveness**

In order to be considered, the proposal submitted by FIRM must be completely responsive to this RFP. All conditions printed on the RFP are hereby made a part of the conditions under which the proposal is submitted and shall be incorporated, in whole or in part at this LHD’s discretion, into any contract on this project. Further, the contents of a proposal, in whole or in part at this LHD’s discretion, shall become part of any contract resulting from that proposal. Failure of FIRM to accept these obligations may result in disqualification from the procurement process.

**B. Preparation Standards**

Proposals shall be prepared simply and economically, providing a straightforward, concise description of FIRM’s capabilities to satisfy the requirements of the RFP. Elaborate bindings, colored displays, and promotional materials are not desired. Emphasis shall be on completeness and clarity of content. Repetition of the terms and conditions of this RFP, without additional explanation, shall not be considered sufficiently responsive.

**C. Binding**

Each copy of the technical proposal shall be bound in a single volume, where practical. All documentation submitted with the technical proposal shall be bound in that single volume.

**D. Format of the Technical Proposal**

The technical proposal shall respond completely to the requirements stated in this section. In order to permit effective comparisons of competing proposals, the following format shall be adhered to:

1. Title Page

Include name of FIRM, local address, telephone number, fax number, email address (if any), name of contact person, and date.

2. Table of Contents

Clearly identify the material by section and page number.

3. Transmittal Letter

The transmittal letter shall be in the form of a standard business letter and shall be signed by an individual authorized to legally bind FIRM. It shall include the following:

1. A statement indicating FIRM is a corporation or other legal entity.
2. A statement that no attempt has been made or shall be made by FIRM to induce any other person or FIRM to submit or not to submit a proposal.
3. A statement of affirmative action that FIRM does not discriminate in its employment practices because of race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, or persons with disabilities. In addition, FIRM shall provide a statement of compliance with the requirements of Title VI of the Civil Rights Act of 1964.
4. A statement that FIRM is a properly licensed certified public accountant in the Commonwealth of Kentucky. This information will be verified with the Kentucky State Board of Accountancy.
5. A statement that FIRM is in compliance with the provisions of *Government* *Auditing* *Standards* (current revision), issued by the U.S. General Accounting Office, concerning continuing education requirements, independence, and external quality control review (peer review).
6. A statement that FIRM has reviewed all relationships and has determined that it meets the objectivity and independence standards of ET sections 55 and 101 A statement that FIRM is in compliance with the provisions of Government of the Code of Professional Conduct of the American Institute of Certified Public Accountants.
7. A list of FIRM’s professional relationships involving this LHD or any of its component units for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest in providing assistance to this LHD. Prior to contract execution, FIRM may be asked to disclose additional information involving relationships with major vendors of this LHD or its components.
8. A statement of whether FIRM’s most recent peer review included a review of specific government engagements. A copy of FIRM’s most recent peer review report must be submitted.
9. A statement that FIRM has not been the subject of any disciplinary action.
10. A statement that FIRM has liability insurance, together with proof of such coverage. A copy of such proof of insurance coverage must be submitted.
11. A statement identifying all addenda to this RFP issued by this LHD and received by FIRM. If no addenda have been received, a statement to that effect shall be included.
12. A statement that no cost or pricing information has been included in the technical proposal.
13. A statement that FIRM certifies the following in connection with this procurement:

(1) The preliminary cost proposal has been arrived at independently, without consultation, communication, or agreement with any other FIRM or with any competitor, for the purpose of restricting competition as to any matter relating to such preliminary cost proposal.

(2) Unless otherwise required by law, the preliminary cost proposal has not knowingly been disclosed by FIRM prior to award, directly or indirectly, to any other firm or to any competitor.

n. A statement that the person signing this proposal certifies that he or she is the person in FIRM’s organization responsible for, or authorized to make, decisions as to the prices quoted and that he or she has not participated, and shall not participate, in any action contrary to m.(1) or m.(2) of the above paragraph.

o. A statement that FIRM’s proposal shall remain valid until three (3) months after the closing date of the receipt of the proposals.

p. A statement that, should FIRM be awarded the contract for audit services, all working papers and reports shall be retained, at FIRM’s expense, for a minimum of three (3) years or until all audit-related disputes are resolved.

q. A statement that, should FIRM be awarded the contract for audit services, FIRM shall make working papers available, upon request, to  (Audit Committee or other authorized entity)    , the Kentucky Department for Public Health, and/or the Office of the Inspector General.

4. Mandatory Qualifications of FIRM and Individual Auditors

a. FIRM Background and Experience

The details of FIRM background and experience shall cover the following:

(1) Date FIRM was established.

(2) Location of FIRM’s clientele (local, regional, national, or international).

(3) Total number of professional staff.

(4) FIRM-wide experience during the last three consecutive calendar years in working on the following types of audits:

(a) OMB Circular A-133 audits of Kentucky local health departments.

(b) Other OMB Circular A-133 audits.

(c) Other audits involving health care facilities.

(d) Other governmental audits.

For each audit listed, provide the year, engagement partner, total hours, and name and telephone number of the principal client contact. Prior clients will be contacted by this LHD during the evaluation phase.

b. Individual Staff Qualifications

Provide a brief biographical sketch describing the qualifications of each auditor, including Electronic Data Processing (EDP) personnel, who may be assigned to the engagement. Include the auditor’s current office location. Also include a list of all continuing professional education (CPE) courses taken by each auditor and the corresponding hours awarded for each course completed for the last four consecutive calendar years.

Describe each auditor’s audit experience in the following categories:

(1) OMB Circular A-133 audits of Kentucky local health departments.

(2) Other OMB Circular A-133 audits.

(3) Other audits involving health care facilities.

(4) Other governmental audits.

c. Work Plan and Audit Approach

FIRM shall present the work plan, including the audit approach, that would be used in providing the audit services required in Section III. The work plan shall include, but not be limited to, the following audit approach areas for a local health department:

(1) Setting audit objectives.

(2) Audit planning and analytical procedures.

(3) Establishing materiality levels.

(4) Documenting internal control and assessing control risk.

(5) Testing EDP general and application controls.

(6) Testing compliance with laws and regulations.

(7) Sampling techniques.

(8) Developing the audit plan and the audit program.

(9) Collecting and documenting evidence.

(10) Developing audit reports.

Include any EDP applications that have been developed and existing software that would be available.

Address activities unique to a local health department, their significance to the financial statements, and the audit approach FIRM would use to examine them.

d. Audit Hours

Provide a breakdown of hours by personnel classification to be used in providing the audit services required in Section III. The classifications and hours shall agree with those presented in the separate cost proposal (Section VI of this RFP) and shall be evaluated for reasonableness in relation to the cost proposal. However, do not present cost information in this technical proposal. The hours should be shown as follows:

Classification Audit Hours

Partner

Manager

Supervisor

Senior

Staff

Total Hours

5. Representation Letter

The technical proposal shall include a representation letter stating that FIRM is in compliance with Generally Accepted Auditing Standards and the provisions of *Government Auditing Standards* (current revision), issued by the Comptroller General of the United States, U.S. General Accounting Office, concerning continuing education requirements, independence, and external quality control review (peer review).

The representation letter shall include the following language relating to independence:

As auditors of this LHD, for the year ended June 30, 20XX, we are independent in accordance with the objectivity and independence standards of AU Sections 220 and 543 of the AICPA Professional Standards and Professional Ethics Committee Interpretation 101.10 *(except, if applicable, for the impairment described below.) [FIRM shall include with the required language relating to independence any impairment FIRM may have.]*

The representation letter shall be signed by the same person who signs the cost proposal and the transmittal letter in the technical proposal.

**E. Deviation from Specifications**

If the technical proposal deviates from the detailed specifications and requirements of this RFP, the transmittal letter shall identify and explain these deviations. This LHD reserves the right to reject any proposal containing such deviations or to require modifications before acceptance.

**F. Submission Date for Technical Proposal**

To be considered for contract award,   (the required number)     sealed copies of each technical proposal requested by this RFP must be marked “Technical Proposal—DO NOT OPEN” and must be at the office of  (name of designated official and address)      by    (close of business)    on   (required date)    .

**Section VI**

**Cost Proposal**

**A. “Not to Exceed” Proposal**

The cost proposal shall be for the services requested in Section III and shall provide name of FIRM and personnel classification, audit hours, and rate information as shown in the following schedule format:

Audit Hourly Total

Classification Hours Rate Cost\*

Partner \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Manager \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Supervisor \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Senior \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Staff

Total Personnel Costs

Travel Costs

TOTAL AUDIT COST

\* Total cost is to be presented on a “not to exceed” basis.

The “not to exceed” cost proposal shall be confidential and shall be binding on FIRM upon execution of a contract with this LHD.

The cost proposal shall be signed by the same person who signs the transmittal and representation letters in the technical proposal.

**B. Deviation from Specifications**

If the cost proposal deviates from the specifications and requirements of this RFP, the transmittal letter shall identify and explain these deviations. This LHD reserves the right to reject any proposal containing such deviations or to require modifications before acceptance.

Proposals of FIRMs that are disqualified in the evaluation of technical proposals will not be eligible for an evaluation of cost proposals.

**C. Submission Date for Cost Proposal**

   (The required number)    sealed copies of each cost proposal requested by this RFP must be marked “Cost Proposal—DO NOT OPEN” and must be at the office of   (name of designated official and address)    by   (close of business)    on    (required date)   . The cost proposal shall be submitted separately from the technical proposal.

**Section VII**

**Evaluation of Proposals**

**A. Overall Evaluation Criteria**

The proposals shall be evaluated by   (Audit Committee or other authorized group)   .

**B. Evaluation of Mandatory Requirements**

The purpose of this preliminary evaluation phase is to determine if FIRM’s response meets the minimum requirements outlined in this RFP. Although no points will be awarded in this phase of the evaluation, failure to comply with the instructions in Section V.D.3., V.D.4., and V.D.5. or to submit a complete proposal may deem a proposal not responsive to the RFP and thus not eligible for consideration.

**C. Evaluation of the Technical Proposal**

Each technical proposal will be evaluated in the following categories. The maximum number of points available in each category is shown beside that category below:

FIRM Background and Experience 25 points

Individual Staff Qualifications 25 points

Work Plan and Audit Approach 25 points

Audit Hours 25 points

TOTAL 100 points

Each   (Audit Committee member)     will individually evaluate the technical proposal and award points accordingly. The committee will then meet as a group to discuss and clarify any issues and/or responses. The technical scores established by each committee member will then be combined, and the average score (total technical score divided by number of committee members) will become the total technical score for each bidding FIRM.

**D. Evaluation of the Cost Proposal**

Any firm that is disqualified in the evaluation of technical proposals will not be eligible for evaluation of its cost proposal. The (Audit Committee) will disregard the cost proposals of FIRMs that are disqualified due to technical deficiencies. Each remaining cost proposal to be scored will be evaluated in the following categories. The maximum number of points available to the remaining cost proposals in each category is shown beside that category below:

Lowest Bid 50 points

Second Lowest Bid 40 points

Third Lowest Bid 30 points

Fourth Lowest Bid 20 points

Fifth Lowest Bid 10 points

Sixth Lowest Bid 0 points

**E. Combined Score**

Each qualifying FIRM’s technical proposal score will be added to its cost proposal score. (Name of LHD or authorized entity) will negotiate with FIRM having the highest combined score.

**Section VIII**

## Calendar of Events

**Approximate**

**Event Date**

RFP published/released to vendors 05/05/0X

Advertise in newspapers and/or on Internet 05/09/0X

(The beginning date of advertising should be the

same as, or close to, the RFP publication date.

Run ads for at least three days.)

Deadline to request RFP 05/23/0X

(This date should be approximately one week

after the close of RFP advertising.)

Final date for proposal submission 06/09/0X

(This date should be 10-14 days after the

deadline to request RFP.)

Proposal evaluation complete 06/18/0X

(This date should be seven to 10 days after

final date for proposal submission to allow

sufficient time for evaluating proposals.)

Notify selected vendor 06/19/0X

(This date normally will be the same day or the

day after completion of proposal evaluations.)

Contract negotiations 06/25/0X

(This date normally will fall just a few days after

notifying the selected vendor. Allow two or more

days for scheduling and negotiations.)

Contract signing/execution of contract 06/27/0X

(Presumably, a contract will be signed

immediately after negotiations.)

Contract begins 07/01/0X

(This date is the first day of the new fiscal year.)

Draft audit reports due to this LHD 10/01/0X

(This date is specified in the RFP.)

Contract end 10/31/ 0X

(This date is specified in the RFP.)

**Contract to Audit**

**(Name of Local Health Department)**

**Date:** **(Date Published/Released to Vendors)**

The contract language contained in the following covers the scope of audit services and must be used in its entirety. Other information from the *Administrative Reference* may be incorporated, as necessary. In cases of conflicts between this model contract and the *Administrative Reference*, the model contract shall prevail.

*The contract between the LHD and the FIRM must contain the specific language. Other provisions may be incorporated, as appropriate.*

SEE AUDIT CONTRACT, CH-54, in a separate file.

**Technical Proposal**

**Scoring Worksheets**

**for Proposals to Audit**

**(Name of Local Health Department)**

**Date:** **(Date Published/Released to Vendors)**

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**Summary Score Sheet 34**

**(Name of Health Department)**

**FIRM Technical Proposal Scoring Worksheet**

**(Date RFP Was Issued)**

Reviewer Name Reviewer Signature

FIRM Name Date

**Overview of Scoring the Responses**

Each reviewer must complete a “FIRM Technical Proposal Scoring Worksheet” for each FIRM submitting a proposal. The worksheet begins with a “Mandatory Requirements—Responsiveness to RFP” section that lists information that must be included in FIRM’s technical proposal to avoid automatic disqualification. The remainder of the worksheet corresponds to the parts of the RFP to be scored: FIRM Background and Experience, Individual Staff Qualifications, Work Plan and Audit Approach, and Audit Hours.

Upon completion of all FIRM Technical Proposal Scoring Worksheets, a designated individual will contact the prior audit clients listed by FIRM in its proposal to obtain professional references. The designated individual will also contact the Kentucky State Board of Accountancy (KSBA) to verify that each FIRM is properly licensed in the Commonwealth of Kentucky and has not been the subject of disciplinary action. Call the KSBA at (502) 595-3037. Any FIRM designated by the KSBA as not properly licensed or as having been subjected to disciplinary action is immediately disqualified.

For those FIRMs that are determined to be properly licensed and free of disciplinary action, the designated individual will transfer each reviewer’s scores to the applicable “FIRM Technical Proposal Summary Score Sheet,” which summarizes the technical proposal scores for each FIRM and computes an average technical score.

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Not**

**Responsive Responsive**

**1. Mandatory Requirements—Responsiveness to RFP**

Consider FIRM’s responsiveness to the technical proposal requirements

in terms of providing the following mandatory information:

a. A statement indicating FIRM is a corporation

or other legal entity. \_\_\_\_\_\_ \_\_\_\_\_\_

b. A statement that no attempt has been made or shall

be made by FIRM to induce any other person or

FIRM to submit or not to submit a proposal. \_\_\_\_\_\_ \_\_\_\_\_\_

c. A statement of affirmative action that FIRM does

not discriminate in its employment practices because

of race, color, religion, age (except as provided by law),

sex, marital status, political affiliation, national origin,

or disabilities. FIRM must also provide a statement of

compliance with the requirements of Title VI of the

Civil Rights Act of 1964. \_\_\_\_\_\_ \_\_\_\_\_\_

d. A statement that FIRM is a properly licensed certified

public accountant in the Commonwealth of Kentucky. \_\_\_\_\_\_ \_\_\_\_\_\_

e. A statement that FIRM is in compliance with the

provisions of *Government Auditing Standards(current revision)*,

issued by the Comptroller General of the

United States, U.S. General Accounting Office,

concerning continuing education requirements,

independence, and external quality control (peer) review. \_\_\_\_\_\_ \_\_\_\_\_\_

f. A statement that FIRM has reviewed all relationships

and has determined that it meets the objectivity and

independence standards of ET sections 55 and 101 of

the Code of Professional Conduct of the American

Institute of Certified Public Accountants. \_\_\_\_\_\_ \_\_\_\_\_\_

g. A list of FIRM’s professional relationships involving

this LHD and any of its component units for the

past five years, together with a statement explaining

why such relationships do not constitute a conflict of

interest in providing assistance to this LHD. \_\_\_\_\_\_ \_\_\_\_\_\_

h. A statement of whether FIRM’s most recent peer

review included a review of specific government

engagements. In addition, a copy of FIRM’s most recent

peer review report must be submitted. (The types of

reports are described on the following pages, in italics.) \_\_\_\_\_\_ \_\_\_\_\_\_

*In an unmodified opinion, the report has three standard first paragraphs and the opinion (last) paragraph.*

*The opinion paragraph uses language similar to the following: “In our opinion, the system of quality control for the accounting and auditing practice of (FIRM) in effect for the year ended \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of complying with the standards.”*

*A modified report includes an extra paragraph after the standard first three paragraphs and before the opinion paragraph. The extra paragraph describes the deficiency(ies) that caused the reviewer(s) to modify the opinion. The opinion paragraph then starts with a sentence such as, “In our opinion, except for the deficiency described in the preceding paragraph, the system of quality control . . . .”*

*An adverse report includes an extra paragraph after the standard first three paragraphs and before the opinion paragraph. The extra paragraph describes the deficiencies that caused the reviewer(s) to issue an adverse opinion. The opinion paragraph then uses language such as, “In our opinion, because of the deficiencies described in the preceding paragraph, the system of quality control for the accounting and auditing practice of (FIRM) in effect for the year ended \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has not been designed to meet the requirements of the quality control standards . . . and was not complied with during the year then ended, to provide (FIRM) with reasonable assurance of complying with professional standards.”*

**Not**

**Responsive Responsive**

i. A statement that FIRM has not been the subject of any

disciplinary action. \_\_\_\_\_\_ \_\_\_\_\_\_

j. A statement that FIRM has general professional liability

insurance or specific professional liability insurance for this

engagement. In addition, proof of said insurance coverage

must be provided. \_\_\_\_\_\_ \_\_\_\_\_\_

k. A statement identifying all addenda to the RFP issued by

this LHD and received by FIRM, or a statement

that no addenda have been received. \_\_\_\_\_\_ \_\_\_\_\_\_

l. A statement that no cost or pricing information has been

included in the technical proposal. \_\_\_\_\_\_ \_\_\_\_\_\_

m. A statement that FIRM certifies the following in connection

with this procurement: \_\_\_\_\_\_ \_\_\_\_\_\_

(1) The preliminary cost proposal has been arrived at

independently, without consultation, communication,

or agreement with any other firm or with any competitor,

for the purpose of restricting competition as to any

matter relating to such preliminary cost proposal. \_\_\_\_\_\_ \_\_\_\_\_\_

(2) Unless otherwise required by law, the preliminary

cost proposal has not knowingly been disclosed by

FIRM prior to award, directly or indirectly, to any

other firm or to any competitor. \_\_\_\_\_\_ \_\_\_\_\_\_

n. A statement that the person signing this proposal certifies

that he or she is the person in FIRM’s organization responsible

for, or authorized to make, decisions as to the prices quoted

and that he or she has not participated, and shall not participate,

in any action contrary to m.(1) or m.(2) above. \_\_\_\_\_\_ \_\_\_\_\_\_

o. A statement that FIRM’s proposal shall remain valid until

three (3) months after the closing date of the receipt of proposals. \_\_\_\_\_\_ \_\_\_\_\_\_

p. A statement that all working papers and reports shall be

retained, at FIRM’s expense, for a minimum of three

(3) years or until all audit-related disputes are resolved. \_\_\_\_\_\_ \_\_\_\_\_\_

q. A statement that FIRM shall make working papers available,

upon request, to designated representatives of (Audit

Committee or other authorized entity)      , the Kentucky

Department for Public Health, and the Office of the Inspector General. \_\_\_\_\_\_ \_\_\_\_\_\_

*If FIRM does not include items a. through q., FIRM is disqualified.*

*If FIRM is disqualified, turn to page 33 of this scoring worksheet and enter “0” in the “Points Awarded” column on the “TOTAL TECHNICAL SCORE” line. Discontinue scoring of this proposal.*

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Point** **Points**

**Range Awarded**

**2. FIRM Background and Experience**

a. Size and structure of FIRM. **0-5** \_\_\_\_\_\_

* *Does it appear that FIRM has enough staff to accomplish*

*the required audit work?*

* *Does it appear that FIRM has the right mix of management/*

*supervisors and staff auditors to accomplish the required*

*audit work?*

* *Does it appear that FIRM has sufficient audit experience in*

*relation to its other work experience (such as preparing tax*

*returns) to accomplish the required audit work?*

* *Does it appear that FIRM has audit staff close enough to LHD*

*to avoid extensive travel costs?*

b. FIRM experience in the last three (3) calendar years in performing

the following types of audits: **0-20** \_\_\_\_\_\_

(1) A-133 audits of local health departments.

(2) A-133 audits of other health care facilities.

(3) Other audits involving health care facilities.

(4) Other governmental audits.

*Points should be awarded as follows, placing emphasis on A-133 audit experience:*

*(a) Experience in performing A-133 audits of local health departments will earn the highest score.*

*(b) Experience in performing other A-133 audits will earn a lesser score than (a), but higher than (c), (d), or (e) below.*

*(c) Experience in performing financial statement audits of local health departments (but not A-133 audits) will earn a lesser score than (b).*

*(d) Experience in performing other audits (but not A-133 audits) of other health care facilities will earn a lesser score than (c).*

*(e) Other governmental audits will earn the least number of points.*

*If FIRM has no experience in any type of A-133 audits, the highest score possible will be “15.” If FIRM has no experience in any of the audits listed, the score will be “0.”*

**TOTAL PART 2 SCORE 0-25 \_\_\_\_\_\_**

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Point** **Points**

**Range Awarded**

**3. Individual Staff Qualifications**

a. Experience of individual staff members

in the last three (3) calendar years in

performing the following types of audits: 0-15 \_\_\_\_\_\_

(1) A-133 audits of local health departments.

(2) A-133 audits of other health care facilities.

(3) Other audits involving health care facilities.

(4) Other governmental audits.

*Points should be awarded as follows, placing emphasis on A-133 audit experience:*

*(a) Experience in performing A-133 audits of local health departments will earn the highest score*.

*(b) Experience in performing other A-133 audits will earn a lesser score than (a), but higher than (c), (d), or (e) below.*

*(c) Experience in performing financial statement audits of local health departments (but not*

*A-133 audits) will earn a lesser score than (b).*

*(d) Experience in performing other audits (but not A-133 audits) of other health care facilities will earn a lesser score than (c).*

*(e) Other governmental* *audits will earn the least number of points.*

*If staff members have no experience in any type of A-133 audits, the highest score possible will be “10.” If staff have no experience in any of the audits listed, the score will be “0.”*

b. Governmental continuing professional education (CPE)

courses taken in the last three (3) calendar years. 0-10 \_\_\_\_\_\_

*Government Auditing Standards require each auditor to complete, every two years, at least 80 hours of CPE that contribute to the auditor’s professional proficiency. Staff proposed for the A-133 audits should complete at least 24 of the 80 hours of CPE in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates. Auditors who are involved in any amount of planning, directing, or reporting on assignments using Government Auditing Standards and those auditors who are not involved in those activities but charge 20 percent or more of their time annually to Government Auditing Standards related engagements should also obtain at least an additional 56 hours of CPE (for a total of 80 hours of CPE in every 2 year period) that enhances the auditor’s professional proficiency to perform audit or attestation engagements..*

Examples of the types of courses that qualify for the 24-hour requirement include, but are not limited to, the following: government accounting principles [Governmental Accounting Standards Board (GASB) or Governmental GAAP, or GASB Statement No. ]; budgeting; procurement and contracting in government; financial laws and regulations; Government Auditing Standards (current revision) (also known as the Yellow Book or GAGAS); AICPA statements on auditing standards (SAS) or SAS No. ; Generally Accepted Auditing Standards (GAAS); Single Audit Act Amendments of 1996; OMB Circular A-133 and the Circular A-133 Compliance Supplement; and OMB Circular A-87(cost principles for governments); OMB 2 CFR 200.\*

*Review the CPE courses submitted for each staff member for compliance with these Government Auditing Standards requirements.*

**TOTAL PART 3 SCORE 0-25 \_\_\_\_\_\_**

*\* Some of these sources are listed on the Internet. Relevant addresses are as follows:*

*Government Auditing Standards is at* <http://www.gao.gov>*.*

*OMB publications can be accessed through* [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb)*.*

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Point** **Points**

**Range Awarded**

**4. Work Plan and Audit Approach**

Consider the appropriateness and adequacy of proposed procedures.

Review the work plan and audit approach for evidence that the

following areas are addressed: **0-25 \_\_\_\_\_\_**

(1) Setting audit objectives.

*An OMB Single Audit includes an examination of the LHD’s financial records and in-depth evaluations of internal control and compliance with laws and regulations. In particular, an OMB Single Audit has the following major objectives:*

* *To determine whether the LHD’s financial reports are fairly presented in conformity with state and federal requirements.*
* *To assess the LHD’s internal control over financial reporting and over major federal programs.*
* *To determine whether the LHD has complied with laws, regulations, and the provisions of contracts or grant agreements affecting financial reporting and major federal programs.*
* *To follow up on previously reported audit findings and questioned costs.*
* *To issue the required reports and file them with the appropriate agencies.*

(2) Audit planning and analytical procedures.

*Audit planning includes obtaining an understanding of the LHD, reviewing the LHD’s books and records, interviewing LHD staff, setting materiality levels, and performing analytical procedures. As a rule, the auditor should use analytical procedures when planning the audit and at the conclusion of the audit when conducting the final review.*

*Examples of analytical procedures are comparisons of current-year recorded amounts to prior-year audited amounts and to budgeted amounts.*

(3) Establishing materiality levels.

*“Materiality” relates to the level of errors or other misstatements that could cause financial reports to*

*not be presented fairly. In an OMB Single Audit, the auditor is required to assess materiality at the financial reporting level and at the major program level. The auditor designs the audit to detect material errors and noncompliance.*

(4) Documenting internal control and assessing control risk.

*“Internal control” is the process used by the Board, LHD management, and other personnel to provide assurance that the LHD (1) has reliable financial reports, (2) complies with applicable federal, state, and local laws and regulations and the provision of contracts and grant agreements, and (3) safeguards*

*assets from unauthorized use or disposition. In an OMB Single Audit, the auditor is required to assess and*

*document the LHD’s internal controls and the risk that controls are not properly designed or operating*

*properly (referred to as “control risk”). The auditor assesses and documents control risk at the financial reporting level and at the major federal program level. Examples of internal controls over federal programs are found in the “OMB Single Audit Uniform Guidance.” A high assessed level of control risk means that the auditor has to perform more extensive testing of individual transactions.*

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(5) Testing EDP general and application controls.

*“EDP” refers to electronic data processing, a term used to signify computer operations. The auditor will consider the extent of computer use and the complexity of computer operations at the LHD.*

*If significant applications are computerized, the auditor may need to test general controls (controls*

*over the computer system as a whole) and application controls (control over specific applications, such as payroll) when assessing control risk. The auditor may have to use the services of a computer specialist when testing EDP general and application controls.*

(6) Testing compliance with laws and regulations.

*The auditor tests the LHD’s compliance with applicable laws and regulations related to financial reporting and major federal programs. Compliance requirements for financial reporting are found in federal, state, and local laws and regulations; in the provisions of grant agreements and contracts; and in the “Administrative Reference” issued by the Kentucky Department for Public Health. Compliance requirements for federal programs are found in the grant award and in the “OMB Single Audit Uniform Guidance”. Discovery of noncompliance can lead to questioned costs and paybacks from the LHD to the funding source.*

(7) Sampling techniques

*“Sampling” is an audit technique in which the auditor tests some, rather than all, the transactions of interest. The auditor can use statistical or nonstatistical sampling techniques. Sampling can be used (1) to test account balances in determining whether the LHD’s financial reports are fairly presented, (2) to test internal control and assess control risk, and (3) to test compliance with laws and regulations over financial reporting and major federal programs.*

(8) Developing the audit plan and audit program.

*The auditor considers the audit objectives in relation to the results of analytical procedures, preliminary materiality levels, preliminary assessments of control risk, compliance testing requirements, and planned sampling techniques. These considerations enable the auditor to plan the nature, timing, and extent of auditing procedures to apply in the audit of the LHD. Specific auditing procedures are documented in the audit program.*

(9) Collecting and documenting evidence.

*As the auditor performs the specific procedures in the audit program, he or she is collecting evidence*

*about whether (1) the LHD’s financial reports are fairly presented, (2) the LHD has internal controls over financial reporting and over major federal programs, and (3) the LHD has complied with material laws and regulations (including the provisions of contracts and grant agreements) affecting financial reporting and major federal programs. All audit evidence should be documented in the auditor’s working papers. Examples of documentation formats include questionnaires, interview memoranda, flowcharts, and copies of LHD records.*

(10) Developing audit reports.

*The auditor’s reports are based on the results of the audit in relation to the audit’s objectives. The auditor will report on the LHD’s financial reports, its internal control and compliance, and the status of previously reported audit findings and questioned costs.*

*FIRM should include any EDP applications that have been developed and existing software that would be available. FIRM should address activities unique to a LHD, their significance to the financial statements, and the audit approach FIRM would use to examine them.*

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Work Plan and Audit Approach**

*Consider the overall audit approach in terms of the following required reports:*

*(1) Auditor’s opinion on the financial statements and on the schedule of expenditures of federal awards.*

*(2) Statement of assets, liabilities, and fund balance.*

*(3) Statement of revenues and expenditures by Cost Center.*

*(4) Statement of changes in fund balance.*

*(5) Comparative schedule of budgeted to actual revenues and expenditures.*

*(6) Audit adjustments.*

*(7) Schedule of expenditures of federal awards.*

*(8) Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.*

*(9) Single audit report on compliance with requirements applicable to each major program and on internal control over compliance.*

*(10) Schedule of findings and questioned costs, including the status of any uncorrected findings from prior audits.*

*(11) A summary of the auditor’s results, in accordance with OMB Single Audit.*

*(12) Management’s corrective action plan.*

*(13) Management letter.*

**Point Points**

**Range Awarded**

**TOTAL PART 4 SCORE 0-25** **\_\_\_\_\_\_**

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Point** **Points**

**Range Awarded**

**5. Audit Hours**

a. Reasonableness of time estimates for audit segments. **0-10** \_\_\_\_\_\_

*Consider the reasonableness of proposed time estimates for the following major audit segments:*

*(1) Setting audit objectives.*

*(2) Audit planning and analytical procedures.*

*(3) Establishing materiality levels.*

*(4) Documenting internal control and assessing control risk.*

*(5) Testing EDP general and application controls.*

*(6) Testing compliance with laws and regulations.*

*(7) Sampling techniques.*

*(8) Developing the audit plan and audit program.*

*(9) Collecting and documenting evidence.*

*(10) Developing audit reports.*

*Also consider the sufficiency of estimated supervisory time in comparison to staff auditor time.*

b. Timeliness of expected completion. **0-15 \_\_\_\_\_\_**

*Consider the proposal’s expected completion date in relation to audit requirements, work plan and audit approach, FIRM background and experience, and individual staff member qualifications.*

**TOTAL PART 5 SCORE 0-25 \_\_\_\_\_\_\_**

**TOTAL FIRM TECHNICAL SCORE \_\_\_\_\_\_\_ \_\_\_\_\_\_\_**

***(Add total scores from Parts 2, 3, 4, and 5 above.)***

***The designated individual will transfer the total technical score above to the “FIRM Technical Proposal Summary Score Sheet” for this FIRM.***

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(Name of Local Health Department)**

**FIRM Technical Proposal Summary Score Sheet**

**(Date RFP Was Issued)**

FIRM Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*A designated individual will transfer each reviewer’s total technical score for the FIRM indicated above (from the Firm Technical Proposal Scoring Worksheet) to this “FIRM Technical Proposal Summary Score Sheet.” A separate summary score sheet is prepared for each FIRM. After summarizing each FIRM’s total technical score from all reviewers, the average is computed and transferred to the “FIRM Total Score Sheet.” The total score sheet is used to combine the FIRM’s average technical proposal score and its cost proposal score into a total FIRM score.*

Total Technical Score

(from FIRM Technical Proposal)

Reviewer Name Scoring Worksheets)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FIRM Total Technical Proposal Score \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FIRM Average Technical Proposal Score

(FIRM Total Divided by Number of Reviewers) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Cost Proposal**

**Scoring Worksheets**

**for Proposals to Audit**

**(Name of Local Health Department)**

**Date:** **(Date Published/Released to Vendors)**

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**(Name of Local Health Department)**

**Mandatory Requirements for Scoring Cost Proposals**

**(Date RFP Was Issued)**

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A des*ignated individual will open all cost proposals and divide the proposals into two groups: (1) those that qualify for consideration after the scoring of technical proposals and (2) those that were disqualified during the scoring of technical proposals. The cost proposals of the FIRMs that qualify for consideration after the scoring of technical proposals will be reviewed to determine whether they meet the mandatory requirements of the RFP. Although no points will be awarded in this section, a failure to follow instructions in the RFP will disqualify FIRM from consideration.*

##### The format of the cost proposal should be as shown below:

Audit Hourly Total

Classification Hours Rate Cost\*

Partner \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Manager \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Supervisor \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Senior \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Staff \_\_\_\_\_\_ \_\_\_\_\_\_ \_\_\_\_\_\_

Total Personnel Costs \_\_\_\_\_\_

Travel Costs \_\_\_\_\_\_

Total Audit Cost

\* Total cost is to be presented on a “not to exceed” basis.

The cost proposal shall be signed by the same person who signs the transmittal and representation letters in the technical proposal.

If FIRM fails to format the cost proposal properly, fails to indicate that the cost proposal is presented on a “not to exceed” basis, or fails to have the cost proposal signed by the same individual who signs the transmittal and representation letters, FIRM is disqualified from consideration.

**(Name of Local Health Department)**

**Scale for Scoring Cost Proposals**

**(Date RFP Was Issued)**

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*A designated individual will determine the lowest bid of the proposals remaining after the evaluation of technical proposals and the evaluation of mandatory cost information. The lowest bid of the remaining FIRMs is used to develop the following scale. The maximum number of points available is shown below:*

*Lowest bid 50 points*

*Second lowest bid 40 points*

*Third lowest bid 30 points*

*Fourth lowest bid 20 points*

*Fifth lowest bid 10 points*

*Sixth lowest bid 0 points*

**(Name of Local Health Department)**

**Cost Proposals Summary Score Sheet**

**(Date RFP Was Issued)**

Reviewer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FIRM Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*A designated individual will score each FIRM’s cost proposal based on the “Scale for Scoring Cost Proposals.” After determining each FIRM’s cost score, the score is entered below and is transferred to the appropriate “FIRM Total Score Sheet.” The total score sheet is used to combine the FIRM’s average technical proposal score and its cost proposal score into a total FIRM score.*

**Cost Cost**

**FIRM Name Proposal Proposal**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

**Total Scores**

**Scoring Worksheets**

**for Proposals to Audit**

(Name of Local Health Department)

**Date:** **(Date Published/Released to Vendors)**

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**FIRM Total Score Sheet 42**

**Array of Scores 43**

(Name of Local Health Department)

**FIRM Total Score Sheet**

**(Date RFP Was Issued)**

*The technical proposal and cost proposal scores for each FIRM are transferred to a “FIRM Total Score Sheet.”*

Reviewer Name

Reviewer Signature

FIRM Name Date

1. Average FIRM technical score (from

“FIRM Technical Proposal Summary

Score Sheet”). \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Total cost proposal score (from

“Cost Proposals Summary Score

Sheet”).

1. **Grand total score for this FIRM**

**(line 1 + line 2 above).**

*FIRM’s grand total score will be entered in the appropriate order on the “Array of Scores.” The array lists the total score for each FIRM. The FIRM with the highest score is listed first, and the FIRM with the lowest score is listed last.*

**(Name of Local Health Department)**

**Array of Scores**

**(Date RFP Was Issued)**

Reviewer Name

Reviewer Signature Date

*The scores from each “FIRM Total Score Sheet” are arrayed from highest score to lowest. The FIRM with the highest score is listed first, and the FIRM with the lowest score is listed last. The FIRM with the highest score will be notified, and LHD will enter into negotiations with that FIRM for the A-133 audit services. If negotiations with that FIRM are not successful, LHD will enter into negotiations with FIRM having the second highest score, and so on, until a contract has been* *negotiated.*

**FIRM Name Total Score**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_