

*ARROWHEAD ECONOMIC
OPPORTUNITY AGENCY, INC.*

**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES**

FOR THE PERIOD

07/01/2023 – 06/30/2024

INQUIRIES AND PROPOSALS SHOULD BE DIRECTED TO:

Name: Emily Celley

Title: Chief Financial Officer

Entity: Arrowhead Economic Opportunity Agency Inc.

Address: 702 South Third Avenue

Virginia, MN 55792

Phone: 218-748-7307

AEOA
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AEOA

I. GENERAL INFORMATION

- A. Purpose** - This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year ending 6/30/2024. The proposal includes options for four additional years.
- B. Who May Respond** - Only licensed Certified Public Accountants may respond to this RFP.
- C. Bidder's Conference** - No bidder's conference is planned for this RFP.
- D. Instructions on Proposal Submission**

1. Closing Submission Date - Proposals must be submitted no later than 4:30 p.m. May 1st, 2024.
2. Inquiries - Inquiries concerning this RFP should be directed to Emily Celley, Chief Financial Officer, at 218-748-7307.
3. Conditions of Proposal - All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by Arrowhead Economic Opportunity Agency, Inc.
4. Instructions to Prospective Contractors - Your proposal should be addressed as follows:

**Emily Celley
Chief Financial Officer
Arrowhead Economic Opportunity Agency, Inc.
702 Third Avenue South
Virginia, MN 55792**

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

**Request for Proposal
4:30 p.m. May 1st, 2024
PROPOSAL
For Audit Services**

5. Electronic or Hard Copy Submissions - Proposals can be submitted electronically to the e-mail address (Emily.celley@aeoa.org) by the closing submission date noted above.

Proposals may also be submitted by hard copy to the mailing address (AEOA, Attn: Emily Celley, 702 Third Avenue South, Virginia MN 55792) by the closing submission date noted above. Three (3) copies of the proposal must be submitted.

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Offeror to ensure that the proposal is received by Arrowhead Economic Opportunity Agency, Inc. by the date and time specified above.

Late proposals will not be considered.

6. Right to Reject – Arrowhead Economic Opportunity Agency, Inc. reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.
7. Small and/or Minority-Owned Businesses - Efforts will be made by Arrowhead Economic Opportunity, Inc. to utilize small businesses and minority-owned businesses.

An Offeror qualifies as a small business firm, if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

8. Presentations - At the discretion of Arrowhead Economic Opportunity Agency, Inc., Offerors submitting proposals may be requested to make oral presentations as part of the evaluation process. Presentations may be delivered in person or via teleconference. Reasonable advance notice will be provided to selected Offerors. Not all Offerors submitting a proposal will be asked to participate in oral presentations.
9. Notification of Award - It is expected that a decision selecting the successful audit firm will be made within six weeks of the closing date for the receipt of proposals. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of the name of the successful audit firm.
10. Options – At the discretion of Arrowhead Economic Opportunity Agency, Inc., this audit contract can be extended for four additional one-year periods. The cost for the option periods will be agreed upon by Arrowhead Economic Opportunity Agency, Inc. and the Offeror. It is anticipated that the cost for the optional years will be based upon the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

E. Description of Entity and Records to Be Audited – Arrowhead Economic Opportunity Agency, Inc., is a nonprofit organization that serves twelve (12) counties in Minnesota. Arrowhead Economic Opportunity Agency, Inc., is a private, nonprofit corporation and has been determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is governed by a 27-member volunteer board of directors. Administrative offices and all records are located at 702 Third Avenue South, Virginia, MN 55792. Other offices are located throughout the twelve (12) county area.

II. SPECIFICATION SCHEDULE

- A. Scope of a Financial and Compliance Audit** - The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror" to perform a financial and compliance audit of Arrowhead Economic Opportunity Agency, Inc.
- B. Description of Programs/Contracts/Grants** - Please see Attachment A for a listing of programs/contracts/grants to be audited, including the programs, the funding source and the past audited expenses for the year ended June 30, 2023.
- C. Performance** – Arrowhead Economic Opportunity Agency, Inc.’s records should be audited through the year ending June 30, 2024.

The Offeror is required to audit in accordance with the Government Audit Standards, the Single Audit Act and CFR Part 200 (“Uniform Guidance”). (See Certification)

The Offeror must also include the Department of Labor, Youth Build CFDA 17.274, as a major program and follow the Uniform Guidance for the year ending June 30, 2024.

The Offeror must also assist AEOA with the preparation of the Annual Combined Financial Statements. AEOA will prepare the accompanying notes to the financial statements.

The Offeror must also prepare a separate report under separate cover of the AEOA’s Corporate Internal Service Fund for the year ending 6/30/2024. (See Attached)

The Offeror must also do the required Department of Labor Pension audit for the year ending 12/31/2024 (see attached).

The Offeror must assist AEOA in the preparation of its Cost Allocation Plan for the period 7/01/2024 through 6/30/2025. (See Attached)

- D. Delivery Schedule** - Offeror is to transmit one copy of the draft audit report to Arrowhead Economic Opportunity Agency, Inc.’s Director of Executive Services. The draft audit report is due on December 1, 2024.

The Offeror shall deliver final audit reports to Arrowhead Economic Opportunity Agency, Inc.’s Board of Directors no later than December 16, 2024.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract, Arrowhead Economic Opportunity Agency, Inc. may, by written notice of default to the Offeror, terminate the whole or any

part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

E. Price - The Offeror's proposed price should be submitted separately. Specifically, include a not-to-exceed total fee, a fee per service (audit services, tax services, etc.) and average hourly billing rates by position. Any out-of-pocket expenses should also be indicated. The pricing information should be in a separate sealed envelope.

F. Payment - Payment will be made when Arrowhead Economic Opportunity Agency, Inc. has determined that the total work effort has been satisfactorily completed. Should Arrowhead Economic Opportunity Agency, Inc. reject a report, Arrowhead Economic Opportunity Agency, Inc.'s authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that Arrowhead Economic Opportunity Agency, Inc. can determine that satisfactory progress is being made.

Upon delivery of the final reports to Arrowhead Economic Opportunity Agency, Inc.'s Board of Directors and their acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

G. Audit Review - All audit reports prepared under this contract will be reviewed by Arrowhead Economic Opportunity Agency, Inc. and its funding sources to ensure compliance with General Accounting Office's (GAO) Government Audit Standards and other appropriate audit guides.

H. Exit Conference - An exit conference with Arrowhead Economic Opportunity Agency, Inc.'s representatives and the Offeror's representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with Arrowhead Economic Opportunity Agency, Inc. It should include internal control and program compliance observations and recommendations.

I. Workpapers

1. Upon request, the Offeror will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The workpapers will be retained for at least three years from the end of the audit period.
3. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and Arrowhead Economic Opportunity Agency, Inc.

J. Confidentiality - The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Arrowhead Economic Opportunity Agency, Inc., the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to these employees on the Offeror's staff who must have the information on a "need-to-know" basis.

The Offeror agrees to immediately notify, in writing, Arrowhead Economic Opportunity Agency, Inc.'s authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

K. AICPA Professional Standards - The AICPA Professional Standards state:

Ethics Interpretation 501-3 - Failure to follow standards and/or procedures or other requirements in governmental audits.

Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements.

Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefor.

III.OFFEROR'S TECHNICAL QUALIFICATIONS

In its proposal, the Offeror shall, as a minimum, include the following:

A. Prior Auditing Experience - The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing community action agencies.
2. Prior experience auditing similar programs operated by Arrowhead Economic Opportunity Agency, Inc.
3. Prior experience auditing nonprofit organizations.

B. Value-Added Services Beyond the Audit – The Offeror should include an explanation of other services that can and have been provided to organizations similar to Arrowhead Economic Opportunity Agency, Inc. Value-added services provide efficiencies and improved compliance that contribute to the continued success of Arrowhead Economic Opportunity Agency, Inc. Value-added services can include consulting and training services as well as industry-specific products.

C. Organization, Size, and Structure - The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Description should include:

1. Size of the Offeror, including number of employees and physical site locations
2. Explanation of independence
3. Any conflicts of interest that exist
4. Results of peer review
5. Explanation if the Offeror is a small, minority-owned, or women's business enterprise

D. Staff Qualifications - The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audits. Include education, position in firm, years with the firm, industry-specific experience, and training on the recent Uniform Guidance.

E. Audit Approach to the Engagement – The Offeror should describe its approach of the work to be performed, including audit procedures, estimated hours, and other pertinent information.

F. Certifications - The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by Arrowhead Economic Opportunity Agency, Inc., because Arrowhead Economic Opportunity Agency, Inc. desires to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. Submission of Proposals – If submitted by hard copy, all proposals shall include three (3) copies of the Offeror's technical qualifications, three (3) copies of the pricing information (in a separate, sealed envelope), and three (3) copies of the signed Certifications. These documents will become part of the contract.

Electronic submissions – If submitted electronically it must be submitted to emily.celley@aeoa.org by the closing submission date noted above.

B. Nonresponsive Proposals - Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Government Audit Standards of the U.S. Comptroller General.

C. Proposal Evaluation - Evaluation of each proposal will be based on the following six factors. In compliance with 2 CFR Part 200.319 – Competition, no geographic preferences will be given in the evaluation of this proposal, since the section states, “The non-Federal entity must conduct procurements in a manner that **prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals**, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference”

1. Prior audit experience:	Point Range
a. Prior experience auditing community action agencies	0-15
b. Prior experience auditing similar programs funded by Arrowhead Economic Opportunity Agency, Inc.	0-15
c. Prior experience auditing nonprofit organizations	0-5

Arrowhead Economic Opportunity Agency, Inc. will contact prior audited Organizations to verify the experience provided by the Offeror.

2. Value-added services beyond the audit	0-5
3. Organization, size, and structure of Offeror’s firm (Considering size in relation to audits to be performed)	
a. Adequate size of the firm	0-2
b. Proper independence	0-2
c. No conflicts of interest	0-2
d. Results of peer review	0-2
e. Minority-owned/small/women’s business enterprise	0-2
4. Qualifications of staff to be assigned to the audits to be performed. This will be	

determined from resumes submitted. Include education, position in firm, and years and types of experience.

- a. Prior experience of the individual audit team members 0-10
- b. Overall supervision to be exercised 0-5
- 5. Offeror's audit approach to the engagement:
 - a. Adequate coverage 0-10
 - b. Realistic time estimates of each audit step 0-5
- 6. Price 0-20
- Maximum Points 100

D. Review Process – In compliance with Uniform Guidance 2 CFR Part 200.319-Competition, Arrowhead Economic Opportunity Agency, Inc. has conducted this procurement in a manner that prohibits the use of statutorily imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases in which applicable federal statutes expressly mandate or encourage geographic preference.

The Arrowhead Economic Opportunity Agency, Inc. may, at its discretion, request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offerors' proposals.

However, Arrowhead Economic Opportunity Agency, Inc. reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, that the Offeror can propose.

Arrowhead Economic Opportunity Agency, Inc. contemplates award of the contract to the responsible Offeror with the highest total points.

V. CERTIFICATIONS

On behalf of the Offeror:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
2. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
5. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
6. The individual signing certifies that the Offeror is a properly licensed certified public accountant.
7. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards*.
8. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.
9. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - a. *Government Auditing Standards* (Yellow Book)
 - b. *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“Uniform Guidance”)
 - c. *Audits of Not-for-Profit Entities* (AICPA Audit Guide)
 - d. *Audits of State and Local Governments* (AICPA Audit Guide)

Note: The RFP should also list any regulations, publications, or audit guides that are relevant to specific programs to be audited. For example, if a Department of Energy weatherization program is to be audited, the Offeror should be familiar with 10 CFR Part 600 DOE's administrative requirements, and 10 CFR Part 400, DOE's weatherization program requirements.

11. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this _____ day of _____, 20_____.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)