

**STATE OF ARIZONA
ARIZONA AUDITOR GENERAL**

Request for Proposals from Qualified Firms

A. Project description

The Arizona Auditor General (Office) is requesting proposals from certified public accounting firms (Firms) to perform annual financial statement and single audits and annual expenditure limitation report examinations for each of the following auditees:

- La Paz County for the fiscal year ending June 30, 2023, with options for 2 additional years.
- Coconino County Community College District, Graham County, Navajo County Community College District, Navajo County, Mohave County, Mohave County Community College District, Pinal County, Pinal County Community College District, Yavapai County Community College District, and Yuma and LaPaz Counties Community College District for the fiscal year ending June 30, 2024, with options for 2 additional years.

Firms must bid on each auditee individually and may bid for 1 or more of the auditees. Each auditee will be awarded separately. Each engagement must be completed, and a report of its work, including findings and recommendations, must be submitted to the Office no later than March 31, 2025. Earlier completion of each engagement is encouraged. Awards for each engagement will be determined on the basis of demonstrated competence and qualifications to perform the required audit and examination work for reasonable compensation.

B. Work statement

The selected Firm will be required to perform financial statement and single audits in accordance with U.S. generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA); *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as applicable, and conduct annual expenditure limitation report examinations in accordance with the attestation standards established by the AICPA. The work statement is intended as a listing of the minimum tasks required. The Firm may be required to perform certain additional auditing procedures in connection with the financial and single audits, and [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Reports examination, including report reissuances. Within 10 days of notice from the Office of additional auditing procedures required, the Firm must

provide the Office a written estimate of the hours necessary to perform the additional auditing procedures. The Firm must not commence work on the additional auditing procedures until the Office provides written approval of the estimate. Costs for any additional auditing procedures must be paid at the hourly rate submitted by the Firm pursuant to Proposal Content (l)(2)(e) below. In completing any additional auditing procedures, the Firm must submit a written statement to the Office describing all deficiencies and errors noted resulting from the additional auditing procedures performed. If the Office exercises its option to extend the contract, the Firm may be required to apply these same or other auditing procedures for each option year. The Firm must seek input from auditee representatives and other key stakeholders as identified by the Office to understand their perspectives on and concerns related to the auditee's operations. The Firm must:

1. After receiving formal "Notice to Proceed" from the Office, make all necessary off-site preparations for the Firm to execute the project with minimal support from the Office.
2. Perform an audit of the auditee's financial statements for the fiscal year ending June 30, 2023, for La Paz County and June 30, 2024, for the remaining counties and colleges, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, and draft the auditor's report on the audit of the financial statements and the auditor's report on internal control over financial reporting and on compliance and other matters based on such audit.
3. Perform an audit of the auditee's schedule of expenditures of federal awards and major federal programs for the fiscal year ending June 30, 2023, for La Paz County and June 30, 2024, for the remaining counties and colleges, in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General; and the audit requirements of Uniform Guidance, and draft the auditors' report on compliance for each major federal program, report on internal control over compliance, report on schedule of expenditures of federal awards, and schedule of findings and questioned costs.
4. Perform an examination of the auditee's [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report for the fiscal year ending June 30, 2023, for La Paz County and June 30, 2024, for the remaining counties and colleges, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and draft the accountants' report on [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)].

5. As part of the financial statement audit, perform auditing procedures to understand, evaluate, and test controls for the auditee's information technology (IT) systems significant to financial reporting, including the auditee's achievement of each of the following objectives:
 - a) Risk assessment and managing data.
 - b) Granting and managing access to significant systems and data.
 - c) Change and configuration management.
 - d) Securing the system and data.
 - e) Continuing operations.

6. Prepare draft findings based on the results of the IT auditing procedures to be included in the auditor's report on internal control and compliance and other matters, and provide the following to the Office:
 - a) A summary of the auditee's control activities to achieve the IT control objectives, including a summary of the evaluation of the sufficiency of the control activity's design to achieve the control objective and the results of test work performed to determine the controls were effective throughout the audit period.
 - b) A document identifying the IT issue details that support findings and recommendations in the auditor's report on internal control and compliance and other matters. This detailed document should also be provided to the auditee (marked as confidential) and include sufficient information so the auditee can begin corrective action to resolve the issues.

7. As part of the financial statement audit, perform the following auditing procedures over the auditee's purchasing card(s):
 - a) Request from the auditee an electronic file of all purchasing card transactions and provide it to the Office to be processed and provided to the firm as an Excel file. The Office will provide additional details to the firm when providing the Excel file.
 - b) Select at least 20 sample items for test work from this provided Excel file.
 - c) Submit a written statement to the Office describing all deficiencies and errors resulting from the auditing procedures performed and for which the Firm has included related findings or recommendations in the report on internal control and on compliance.

8. During the audits, schedule and hold periodic meetings (at least 1 meeting every 4 weeks) with representatives from the auditee and other appropriate entities as determined by the Office to update them on the audit's progress, including any preliminary findings and recommendations or delays. The Office must also be invited to attend these meetings.

9. During the audits, prepare and submit written progress reports to the Office every 4 weeks for the purpose of monitoring the status, progress, and direction of the Firm's work, including any preliminary findings and recommendations. The Office may require additional information and/or that the Firm meet to discuss the audit's status, progress, and direction.

C. Independence

The Firm must have no conflict of interest regarding any other work performed for the State of Arizona or auditees. The Firm must also provide information on other areas that may result in independence issues, such as participation on a board or having a direct or indirect financial interest. The Firm must submit this information using the Independence Disclosure Form in Attachment A to this Request for Proposal (RFP). If the Auditor General determines that an independence issue exists, the Firm's proposal may not be considered. The Auditor General is the sole authority in determining whether any conflicts of interest or independence issues exist.

D. Reporting and deliverables

1. The Firm will issue the following reports, as applicable:
 - a) Auditors' report on the audit of the financial statements—included in the Annual Comprehensive Financial Report or Annual Financial Report.
 - b) Auditors' report on the internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*—included in the Single Audit Report, or separately issued.
 - c) Auditors' report on compliance for each major federal program; report on internal control over compliance; report on schedule of expenditures of federal awards; and schedule of findings and questioned costs— included in the Single Audit Report.
 - d) Accountants' report on the [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report—included in the [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report.
2. The Firm will provide the following deliverables to the Office as part of the financial statement audit:
 - a) A summary of the auditee's control activities to achieve the IT control objectives, including a summary of the evaluation of the sufficiency of the control activity's design to achieve the control objective and the results of test work performed to determine the controls were effective throughout the audit period.

- b) A document identifying the IT issue details that support findings and recommendations in the auditor's report on internal control and compliance and other matters. This detailed IT issues document should also be provided to the auditee (marked as confidential) so that it has sufficient information to begin corrective action to resolve the issues.
 - c) An electronic file of all purchasing card transactions that has been requested from the auditee and that will be processed by the Office.
 - d) A written statement to the Office describing all deficiencies and errors resulting from the auditing procedures performed over the auditee's purchasing card(s) and for which you have included related findings or recommendations in the report on internal control and on compliance.
3. The Firm's reports must be prepared at the completion of the audits and examination according to U.S. generally accepted auditing standards; *Government Auditing Standards*, issued by the U.S. Comptroller General; the audit requirements of Uniform Guidance; and the attestation standards established by the American Institute of Certified Public Accountants, as applicable.
 4. The Firm must submit the deliverables identified in section D(2) prior to submitting drafts of reports identified in section D(1). Specifically, the Firm should submit the deliverable mentioned in section D(2)(c) before August 1, 2024, and the deliverables mentioned in sections D(2)(a,b,d) at least 2 weeks prior to providing the drafts of reports identified in section D(1).
 5. The Firm must submit drafts of its reports identified in section D(1) and the auditee's financial statements included in the Annual Comprehensive Financial Report or Annual Financial Report, schedule of expenditures of federal awards included in the Single Audit Report, and [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report to the Office for review on or before February 24, 2025.
 6. The Firm must submit the final Annual Comprehensive Financial Report or Annual Financial Report, Report on Internal Control and on Compliance, Single Audit Report, and [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report, as applicable, to the Office no later than March 31, 2025. Earlier completion of each engagement is encouraged, and the Firm should notify the Office if it anticipates earlier completion of the engagements and work with the Office to develop an agreed-upon schedule for the deliverables and drafts of its reports.

7. The final reports and deliverables must address and respond to any comments, suggestions, or recommendations the Office makes on the draft reports and deliverables.
8. The Auditor General may extend the reports' due date on account of auditee delays. The Firm must submit any request for such an extension in writing to the Office. If the U.S. Office of Management and Budget (U.S. OMB) extends the Single Audit submission deadline past March 31, 2025, the due date for the completion of the Single Audit Report will automatically be extended to the official extension date established by the U.S. OMB. The extension of the audit's due date will not affect the due date of the financial statement as prescribed by Arizona Revised Statutes (A.R.S.) §11-661.
9. The Firm must provide the Office with 2 bound copies of the Annual Comprehensive Financial Report or Annual Financial Report, Report on Internal Control and on Compliance, Single Audit Report, and [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report, as applicable. The auditee should print any additional copies it may need for its own distribution or arrange with the Firm to provide additional copies. The Office will not provide the auditee with bound copies of these reports.
10. In addition, the Firm must provide the Office with an electronic copy of the above final reports, including graphics and appendices, through a ShareFile upload link that the Office will provide to the Firm, and must provide the reports in PDF format, which must not be password protected. Further, the Firm must provide links and bookmarks set up for each page of the table of contents within the PDF files. The Office will place these PDF copies on its website. When each report is finalized, the Office will send an email notification of the report issuance to each of the auditee's board members, chief executive officer, and chief financial officer with a direct link to the PDF copy of the report on the Office's website.
11. The Firm must provide the Office with a copy of the Federal Clearinghouse confirmation receipt for the Single Audit Report.

E. Meetings, exit conference, and Board of Supervisors (for counties)/Governing Board (for colleges) presentation

The following additional tasks are required as a part of the audit:

1. During the audit, the Firm must schedule and hold periodic meetings (at least 1 meeting every 4 weeks) with representatives from the auditee to update them on the audit's progress, including any preliminary findings and recommendations or delays. The Office must also be invited to attend these meetings.

2. Following completion of the draft reports, the Firm must be available to participate in an exit conference with auditee officials. Office staff may participate in the exit conference if necessary. The exit conference must discuss the draft audit and examination reports with the auditee, identify any errors, and obtain comments on the reports' findings and recommendations as applicable. The Firm must require the auditee to provide a preliminary corrective action plan to the draft audit reports' findings, as applicable, including responsible officials' views, names of the contact people responsible for corrective action, the corrective action planned, and anticipated completion date. The corrective action plan is required to be provided to the Firm and the Office at least 24 hours before the draft exit meeting.
3. [A.R.S. §11-661(D) (for counties)/A.R.S. §15-1473(F) (for colleges)] mandates that within 90 days after completing an audit, the auditee's [board of supervisors (for counties)/governing board (for colleges)] must require auditors who performed the audit to present audit results and any findings to the board in a regular meeting without the use of a consent agenda. The Firm's auditors who performed the audit must present audit results and findings annually to the board within 90 days after the Annual Financial Report, Report on Internal Control and Compliance, and Single Audit Report are issued. In accordance with A.R.S. §41-1279.21, a representative from the Office may participate in the presentation.

F. Onsite work

The Firm must conduct some work onsite at the auditee's location. At a minimum, the Firm must conduct work onsite during the initial planning phase to build rapport with the auditee and during fieldwork to review the auditee's data system and controls and hard copy files.

G. Term of agreement

The initial term of each agreement must provide for the audit and examination of the auditee and presentations of audit results and findings to the [board of supervisors (for counties)/governing board (for colleges)] for the fiscal year ending June 30, 2023, for La Paz County and June 30, 2024, for the remaining counties and colleges, with options for 2 additional years.

H. Proposal delivery

1. Sealed proposals will be received until 5:00 p.m. Mountain Standard Time on March 1, 2024, at the following location:

Arizona Auditor General (Attention: Julie Cantrell)
State of Arizona

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Timely receipt of proposals will be determined by the date and time the proposal is received at the address specified. No proposals will be accepted after the time indicated. Proposals received after the deadline will be stamped for time and date and returned unopened.

All material submitted in accordance with this solicitation becomes the Office's property and will not be returned.

Alternatively, you may email the proposal to RFP@azauditor.gov until 5:00 p.m. Mountain Standard Time on March 1, 2024, instead of mailing hard copies. The email subject line should indicate the name of the auditee/auditees and the proposal deadline. No emails will be opened until after the deadline.

2. If the proposal is mailed, 5 copies of the proposal are required. They must be packaged in such a manner that **the outer wrapping clearly indicates** the following information:

PROPOSAL FOR (Name of Auditee/Auditees)
PROPOSAL DEADLINE: March 1, 2024

3. Any questions relating to the RFP should be directed to contracts@azauditor.gov. Email inquiries will be acknowledged, and inquiries and responses will be posted on the Office's website (www.azauditor.gov). Email inquiries will be accepted only until 5:00 p.m. Mountain Standard Time on Friday February 16, 2024. No responses will be provided for inquiries received after that date/time.
4. The Office will hold a preproposal conference on February 8, 2024, at 9:00 a.m. (Mountain Standard Time) to provide information about the audits, including further details on auditing procedures over the auditee's IT systems and purchasing cards, and to answer any questions. The conference will be held at the Arizona Auditor General's office in Phoenix, at 2910 N. 44th St. in the 4th floor boardroom. For those unable to join in person, you may request a virtual meeting link by sending an email to Julie Cantrell at jcantrell@azauditor.gov.
5. Information provided in the proposal, including cost, will be held confidential and will not be disclosed to competitors before selecting the contractor. However, proposals may be disclosed following selection of the contractor.

I. Proposal content

1. The technical portion of the proposal for each auditee must include a minimum of:
 - a. A brief statement of the Firm's understanding of the work to be done.
 - b. A work plan detailing the approach the Firm intends to follow.
 - c. A plan for organizing and staffing the project with an estimate of time each project staff member will devote to the project.
 - An organization chart identifying the engagement partner and manager.
 - The names of engagement staff members.
 - The role of each staff member.
 - The percentage of effort (time) of each staff member for the contract period.
 - The resumes of key engagement staff members showing education and experience relevant to this engagement. Specify their level of participation, if any, in the engagements identified in item 4 below.
2. Bid amount

The proposal must outline the number of **estimated hours and the related fee for each report by year as listed below**, which includes estimates for each audit year ending June 30, 2023, 2024, and 2025, for La Paz County and June 30, 2024, 2025, and 2026, for the remaining counties and colleges. The total fee for the engagements must be set forth according to the audit and examination work required to produce the following reports for each auditee and must include all expenses necessary to complete work (for example, travel and out-of-pocket expenses), as applicable.

- a. Auditors' report on the financial statements.
- b. Auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.
- c. Single Audit Reports, including the auditors' report on compliance for each major federal program, report on internal controls over compliance, and report on schedule of findings and questioned costs.

- d. Accountants' report on the [Annual Expenditure Limitation (for counties)/Annual Budgeted Expenditure Limitation (for colleges)] Report.
- e. In addition, the proposal shall include a single hourly rate for any additional auditing procedures required in connection with the financial and single audits, including an hourly rate for each optional year.

3. Changes in work

Significant changes in the scope, character, or complexity of the work may be negotiated if it is mutually agreed that such changes are desirable and necessary. Contract changes defining, increasing, or limiting the work and compensation must be authorized in writing by the Auditor General prior to performing work.

4. References

A description of the offeror's experience in performing recent local and regional audits and examinations similar to that anticipated by this RFP. The following data should be included for at least 3 such audits and examinations.

- a. The date of the audit or examination.
- b. The name and address of the client organization.
- c. The name and telephone number of the individual in the client organization who is familiar with the audit or examination.

5. Other items to be included in each auditee's proposal are as follows:

- a. A description of the offeror's organization.
- b. A copy of the offeror's most recent peer review report.
- c. The location of the office from which the work is to be performed.
- d. A description of the local office's capability to determine the reliability of computerized financial data.

J. Proposal evaluation and selection

- 1. A selection committee will review and evaluate the proposals. During the evaluation process, you must be available to answer questions by telephone. As part of the final selection process, the Auditor General reserves the right to:

- a. Contact references from among those provided by the Firm as requested in the Proposal Content.
 - b. Request oral presentations or discussions with the Firm. Presenters from the Firm must include key members of the proposed engagement team.
2. The Auditor General will select the proposal judged most likely to meet the project's needs and objectives. Emphasis will be placed on:
 - a. Responsiveness to the objectives and issues described in the Request for Proposals.
 - b. Firm's related past experience and reputation.
 - c. Qualifications of staff assigned to the project.
 - d. Proposed work plan.
 - e. Engagement hourly and total costs.
3. A recommendation for contract award will be made to the Auditor General; her decision will be final. The Auditor General will award the contract to the responsible Firm whose proposal is determined to be the most advantageous to the State.
4. A successful bidder will be notified by telephone with a confirmation letter and contract to follow. A sample contract is included herein (see Attachment B).
5. The Auditor General reserves the right to:
 - a. Cancel this solicitation.
 - b. Reject any and all proposals.
 - c. Select for contract negotiation the Firm's proposal that, in the Auditor General's judgment, best meets the Office's needs, regardless of any differences in estimated project costs between the Firm and all others.
 - d. Negotiate a contract that covers selected parts of this proposal.

K. Other requirements

Prior to commencing work, the Firm selected is required to perform the following:

1. Execute a contract, a sample of which is included as a separate document (see Attachment B).
2. Provide an insurance certificate naming the State as an additional insured in the amounts stated on pages 7 through 10 of the sample contract.

TIME FRAME FOR PROPOSAL PROCESS AND SUBMISSION OF REPORTS

The following dates will apply unless the Auditor General waives or modifies them in writing:

Event	Date
RFP released	February 1, 2024
Preproposal conference	February 8, 2024
Deadline for RFP questions and inquiries	February 16, 2024
Deadline for Firms to submit proposals	March 1, 2024
Estimated contract award and notice to proceed date	March 25, 2024
Date test work typically begins	After March 31, 2024
Firm provides written status reports to Auditor General	Every 4 weeks
Firm briefs auditee and Auditor General	Every 4 weeks
Deadline for submission of preliminary drafts	February 24, 2025
Deadline for submission of final report	March 31, 2025
Deadline for Board of Supervisors/Governing Board presentation of audit results and findings	Within 90 days after the Annual Financial Report, Report on Internal Control and Compliance, and Single Audit Report are issued