

Institute for Marine Mammal Studies, Inc. (IMMS)

REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES

10801 Dolphin Lane
Gulfport, Mississippi 39503
(228) 896-9182

Proposals Due: November 25, 2014

Institute for Marine Mammal Studies, Inc. (IMMS)

REQUEST FOR PROPOSALS

TABLE OF CONTENTS

I. INTRODUCTION

- A. General Information
- B. Term of Engagement
- C. Subcontracting

II. NATURE OF SERVICES REQUIRED

- A. General
- B. Scope of Work to Be Performed
- C. Auditing Standards to Be Followed
- D. Reports to Be Issued
- E. Special Considerations
- F. Working Paper Retention and Access to Working Papers

III. DESCRIPTION OF IMMS

- A. Name of Contact Person
- B. Background Information
- C. Fund Structure
- D. Magnitude of Finance Operations
- E. Computer System
- F. Availability of Prior Reports and Working Papers

IV. TIME REQUIREMENTS

- A. Proposal Calendar
- B. Notification and Contract Dates
- C. Date Audit May Commence
- D. Schedule for the 2013-2014 Fiscal Year Audit
 - 1. Detailed Audit Plan
 - 2. Fieldwork
 - 3. Draft Reports
- E. Entrance and Exit Conferences
- F. Date Final Report Is Due

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

- A. Finance Department and Clerical Assistance
- B. Statements and Schedules to Be Prepared by Staff of IMMS
- C. Work Area, Photocopying and Fax Machines
- D. Report Preparation

VI. PROPOSAL REQUIREMENTS

- A. General Requirements
 - 1. On-Site Inspections

2. Inquiries
 3. Submission of Proposals
- B. Technical Proposal
1. General Requirements
 2. Independence
 3. License to Practice in Mississippi
 4. Firm Qualifications and Experience
 5. Partner, Supervisory and Staff Qualifications and Experience
 6. Prior Engagements with IMMSs
 7. Engagements with Other Federally Funded Programs
 8. Specific Audit Approach
 9. Identification of Anticipated Potential Audit Problems
 10. Report Format
- C. Sealed Dollar Cost Bid
1. Price
 2. Manner of Payment

VII. EVALUATION PROCEDURES

- A. Insert Committee Name Here (ex. Evaluation Committee)
- B. Review of Proposals
- C. Right to Reject Proposals

VIII. APPENDICES

- A. Hours by Employee Classification
- B. List of Key Personnel
- C. Proposer Guarantees
- D. Proposer Warranties

Institute for Marine Mammal Studies, Inc. (IMMS)

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

Institute for Marine Mammal Studies, Inc. (IMMS) is requesting proposals for qualified firms of certified public accountants to audit its financial statements for the fiscal year ending July 31, 2014, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards, and the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and IMMS Organizations.

There is no expressed or implied obligation for IMMS to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, one (1) original and one (1) photo-copy of the proposal must be received by Ms. Samia Ahmad at **10801 Dolphin Lane, Gulfport, Mississippi 39503 by 3:00 p.m. CST on Tuesday, November 25, 2014**. IMMS reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the management of IMMS.

During the evaluation process, IMMS management reserves the right, where it may serve IMMS' best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of IMMS or the IMMS management, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

IMMS reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IMMS and the firm selected.

It is anticipated the selection of a firm will be completed by December 15, 2014. Following the notification of the selected firm, it is expected a contract will be executed between both parties immediately.

B. Term of Engagement

A one (1) year contract is contemplated, with the option to extend the agreement for an additional two (2) years, subject to the annual review and recommendation of the IMMS management, the satisfactory negotiation of terms (including a price acceptable to both IMMS and the selected firm), the concurrence of the IMMS Board of Directors, and the annual availability of funds.

C. Subcontracting

Firms submitting proposals are encouraged to consider subcontracting portions of the engagement to small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of IMMS.

II. NATURE OF SERVICES REQUIRED

A. General

IMMS is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending July 31, 2014, with the option to audit IMMS's financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to Be Performed

IMMS desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

C. Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, and the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

D. Reports to Be Issued

Following the completion of the audit of the fiscal year's financial statements, the

auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles;
2. A report on compliance and internal control over financial reporting; and
3. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reports on compliance shall include all instances of noncompliance.

Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Board of Directors of IMMS.

Reporting to the Board of Directors. Auditors shall provide a transmittal letter to IMMS for its Board of Directors that includes the following:

1. Auditor's responsibility under generally accepted auditing standards;
2. Significant accounting policies;
3. Management judgements and accounting estimates;
4. Significant audit adjustments;
5. Other informational documents containing audited financial statements;
6. Disagreements with management;
7. Management consultation with other accountants;
8. Major issues discussed with management prior to retention; and
9. Difficulties encountered in performing the audit.

E. Special Considerations

1. IMMS does not expect to need a special audit in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and IMMS Organizations* for Fiscal Year July 31, 2014. However, IMMS has needed one in the past and could require one in the future.
2. If a schedule of expenditures of federal awards is required, it is to be issued as part of the comprehensive annual financial report along with the reports on

the internal control structure and compliance.

F. Working Paper Retention and Access to Working Papers

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

IMMS

Parties designated by the federal or state government or by IMMS as part of an audit quality review process

Auditors of entities of which IMMS is a sub-recipient of grant funds

Auditors of entities of which IMMS is a component unit

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

III. DESCRIPTION OF IMMS

A. Name of Contact Person

The auditor's principal contact with IMMS will be Ms. Samia Ahmad, who will coordinate the assistance to be provided by IMMS to the auditor.

A list of key personnel (Appendix B) is attached.

B. Background Information

IMMS is a 501(c) 3, non-profit, private corporation.

IMMS's fiscal year began on August 1, 2013 and will end on July 31, 2014.

IMMS provides the following services to its citizens: education, conservation, research on marine animals and their environment.

The accounting and financial reporting functions of IMMS are centralized.

IMMS is a registered Charitable Organization with the State of Mississippi.

C. Fund Structure

IMMS maintain five (5) bank accounts on its general ledger.

D. Magnitude of Finance Operations

The finance department is headed by Ms. Samia Ahmad, and consists of two (2) additional employees.

E. Computer System

Accounting Software: QuickBooks Premier Nonprofit Edition 2014

Major Applications: Payroll, General Ledger, Accounts Payable, General Journal, Cash Journals

F. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to receive prior years audit reports and management letters should contact Ms. Samia Ahmad at 10801 Dolphin Lane, Gulfport, Mississippi 39503, or call (228) 896-9182, ext. 1756. IMMS uses its best effort to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The due date for proposals is Tuesday, November 25, 2014 by 3:00 pm CST.

B. Notification and Contract Dates

It is expected that the selected firm will be notified December 15, 2014.

C. Date Audit May Commence

IMMS anticipates having all records ready for audit and all management personnel available to meet with the firm's personnel as of December 20, 2014. However, earlier dates may be available for preliminary work to begin at the discretion of the Comptroller.

D. Schedule for the 2014 Fiscal Year Audit

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Detailed Audit Plan:
The auditor shall provide IMMS by December 20, 2014 both a detailed audit plan and a list of all schedules to be prepared by IMMS.
2. Field Work:
The auditor shall complete all field work by January 30, 2015.
3. Draft Reports:
The auditor shall have drafts of the audit report and recommendations, if any, to management available for review by February 15, 2015.

E. Entrance and Exit Conferences

An entrance conference shall be held in the office of the Executive Director with all key finance department personnel and program directors. The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

An exit conference shall be held on the last day of the auditor's field work in the office of the Executive Director with the Comptroller and program directors present. The purpose of this meeting will be to summarize the results of the field work and to review significant findings.

F. Date Final Report Is Due

A draft auditor's report shall be delivered to management by February 20, 2015.

IMMS management will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During this period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to M.A. Solangi, Ph.D., President and CEO. IMMS expects that this process will be completed and the final report delivered by February 27, 2015.

Two (2) signed copies of the final report should be delivered to Ms. Samia Ahmad, Vice President and CFO at 10801 Dolphin Lane, Gulfport, MS 39503. Also confirmation of the successful submission to the appropriate federal agency (such as, the Federal Audit Clearinghouse).

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor. Clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Statements and Schedules to be Prepared by the Staff of IMMS

The staff of IMMS will prepare the following statements and schedules:

- Trial Balance
- Detailed General Ledger
- Statement of Financial Position
- Statements of Revenues and Expenditures
- Accrued Payables
- Accrued Annual Leave
- Bank Account Reconciliations

C. Work Area, Photocopying and Fax Machines

IMMS will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to photocopying facilities.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. On-Site Inspections

Representatives of the various departments within IMMS will be available to discuss their operations and conduct on-site inspections for interested proposers.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Ms. Samia Ahmad
10801 Dolphin Lane
Gulfport, Mississippi 39503
samia@imms.org

3. Submission of Proposals

The following material is required to be received by November 25, 2014, for a proposing firm to be considered:

a. A master copy of a Technical Proposal

(1) Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of a contact person and the date of the proposal.

(2) Table of Contents

(3) Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days from the date of the proposal.

(4) Detailed Proposal

The detailed proposal should follow the order set forth in Section VI.B. of this request for proposals.

(5) Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposals (Appendix C and Appendix D).

a. The Proposer shall submit an original and one (1) copy of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
Proposal for IMMS
For Professional Services
DATE DUE: November 25, 2014

- b. Proposers should send the completed proposal to the following address:

Ms. Samia Ahmad
10801 Dolphin Lane
Gulfport, Mississippi 39503

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of IMMS in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals.

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

2. Independence

The firm should provide an affirmative statement that it is independent of IMMS as defined by generally accepted auditing standards, the U.S. General Accounting Office's Government Auditing Standards.

3. License to Practice in Mississippi

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Mississippi.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental/non-profit audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific IMMS engagements.

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

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Mississippi. The firm also should provide information on the IMMS auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement.

The firm also should indicate how the quality of staff over the term of the agreement will be assured.

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

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with express prior written permission of IMMS, which retains the right to approve or reject replacements.

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

6. Prior Engagements with Non-Profits

The firm should list separately all engagements within the last three (3) years, ranked on the basis of total staff hours, for non-profit engagements (i.e., audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Engagements with Other Federally Funded Programs

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as IMMS's budget and related materials, manuals and programs, and financial and other management information systems.

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

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement (See Appendix A)

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagements
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of IMMS's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

9. Identification of Anticipated Potential Audit Problems

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

10. Report Format

The proposal should document an explanation of the reports to be submitted.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost Bid

1. Price

The Firm's proposal price should be submitted separately. Include information indicating how the price was determined. The Firm should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated. The pricing information should be in a separate sealed envelope.

If it should become necessary for IMMS to request the auditor to render any

additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between IMMS and the firm. Any such additional work will be paid at the agreed rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

2. Manner of Payment

IMMS will pay the audit fees for all programs. Payment will be made when IMMS has determined that the total work effort has been satisfactorily completed.

Progress payments will be allowed to the extent that IMMS can determine that satisfactory progress is being made.

Upon delivery of the two (2) copies of the final audit to IMMS and their acceptance and approval, the firm may submit an invoice for the balance due on the contract for the audit.

VII. EVALUATION PROCEDURES

A. IMMS Management

Proposals submitted will be evaluated by the President and CFO of IMMS.

B. Review of Proposals

The IMMS management will base its decision on the qualifications, experience, and other criteria listed in the technical requirements

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

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IMMS and the firm selected.

IMMS reserves the right without prejudice to reject any or all proposals, and/or negotiate directly with any applicant.

APPENDIX A

HOURS PER EMPLOYEE CLASSIFICATION

Type your information here.

APPENDIX B

LIST OF KEY PERSONNEL

POSITION

1.	<u>Moby Solangi, Ph.D.</u>	<u>President and CEO</u>
2.	<u>Samia Ahmad</u>	<u>Vice President and CFO</u>

APPENDIX C

PROPOSER GUARANTEES

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

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Mississippi laws with respect to foreign (non-state of Mississippi) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of IMMS
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____