

REQUEST FOR PROPOSALS



Request for Proposals for Professional Auditing Services

**Mississippi Department of Education
Bureau of Internal Audit
359 North West Street, Suite #308
Jackson, Mississippi 39201**

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Date: August 1, 2016**

TABLE OF CONTENTS

Purpose.....	2
A. Request for Information	3
B. Due Dates for Proposal	3
C. Responsibility of the Offeror	4
D. Scope of Work and Responsibilities	4
E. Time Frame	7
F. Payments	7
G. Firm Requirements	7
H. Assistance to be Provided by the Mississippi Department of Education.....	9
I. Management Responsibilities of Personnel and Administration	9
J. Termination in Event of Employment.....	9
K. Available Budget.....	10
L. Format and Procedures for Delivery of Proposal.....	10
M. Acceptance of Proposals.....	12
N. Rejection of Proposals.....	12
O. Disposition of Proposals	13
P. Conditions of Solicitation	13
Q. Qualifications.....	14
R. Criteria for Evaluation of Proposals	15
S. Right to Protest.....	17
Tentative Timeline	18
Attachment A – Proposal Transmittal Form.....	19
Attachment B – Contingent Fees Form	20
Attachment C – Proprietary Information Form.....	21
Attachment D – Acknowledgement of RFP Amendments Form.....	22
Attachment E – Dollar Cost Bid.....	23
Attachment F – Schedule of Selected Funds and Programs for Audit	29
Attachment G – Standard Agreement	30

REQUEST FOR PROPOSALS – Mississippi Department of Education

Purpose

The Mississippi Department of Education (MDE) through the Bureau of Internal Audit is soliciting competitive written proposals from qualified Firms for a Request for Proposals for Professional Auditing Services. The purpose of the Request for Proposal is to obtain written proposals for audits of the fiscal years ended June 30, 2016 through June 30, 2020 GAAP reporting packages and underlying records for each of the selected funds for completeness and accuracy. Adjusting entries to the trial balances generated by the Department of Finance and Administration (DFA) will be prepared on the DFA adjusting entry standardized forms and submitted to the MDE for approval and the State Auditor's Office (SAO) for review and processing within the due dates specified by the SAO. The accounts to be audited are 4423000000 and 5320100000. In addition, the Schedule of Expenditures of Federal Awards prepared by the MDE for the selected federal programs will be audited. The trial balances for these funds and accounts are scheduled to be available September 8, 2016. Also, three (3) Federal programs will be subjected to a program specific audit.

A. REQUEST FOR INFORMATION

Questions concerning the RFP should be sent to: bfeaster@mdek12.org.

The deadline for submitting written questions by email is August 15, 2016. Copies of all questions submitted and the responses will be posted to MDE's website www.mde.k12.ms.us under the Public Notices section and will be available to the general public by August 23, 2016.

B. DUE DATES FOR PROPOSAL

Five (5) copies of the proposal and one (1) electronic copy saved to a CD or a USB flash drive in a "read only" PDF format must be received by 3:30 p.m. Central Time (CT) on Tuesday, August 30, 2016, at the following address based upon the delivery method used:

Hand Deliver Proposals to:

Lorraine Wince
Office of Procurement
Mississippi Department of Education
Central High School, Suite 307
359 North West Street
Jackson, MS

Mail Proposals to:

Lorraine Wince
Office of Procurement
Mississippi Department of Education
Post Office Box 771
Jackson, MS 39205-0771

Ship Proposals to: (FedEx, UPS, etc.)

Lorraine Wince
Office of Procurement
Mississippi Department of Education
359 North West Street
Jackson, MS 39201

C. RESPONSIBILITY OF THE OFFEROR

- Ensure that the competitive proposals are delivered by the deadline and assumes all risks of delivery.
- At the time of receipt of the proposals, the proposals will be date stamped and recorded in Suite 307 of Central High School Building.
- Proposals and modifications received in the room after the time designated in the RFP will be considered **late** and will not be accepted or considered for award.
- Incomplete proposals will not be evaluated and will not be returned for revisions. No late, faxed, or emailed copies will be accepted.
- Proposals that do not include the required number of copies will not be evaluated.
- Proposals that do not include the required CD or USB flash drive will not be evaluated.
- The proposal transmittal form must be signed by an authorized official to bind the offeror to the proposal provisions and must be included.

D. SCOPE OF WORK AND RESPONSIBILITIES

The Mississippi Department of Education is soliciting the services of qualified Firms of certified public accountants to perform all procedures necessary to issue financial statement reports on certain treasury funds for the State fiscal years ending June 30, 2016 through June 30, 2020 managed by MDE. Also, three (3) Federal programs will be subjected to program-specific audits. The Federal programs were selected for auditing as major programs.

The June 30, 2016 through June 30, 2020 GAAP reporting packages and underlying records for each of the selected funds and program will be examined for completeness and accuracy. In addition, the Schedule of Expenditures of Federal Awards prepared by the MDE for the selected federal programs will be audited. Adjusting entries will be prepared to the trial balances generated by the Department of Finance and Administration (DFA). These adjusting entries will be prepared on the DFA adjusting entry standardized forms and submitted to MDE for approval and SAO for review and processing within the due dates specified by SAO. It is anticipated that the financial statements will be available September 8, 2016.

Financial statement audits will be required for (1) GAAP reporting packages of the selected funds for the state fiscal years 2016 through 2020, including a conclusion on the fair presentation of the GAAP reporting packages in conformity with generally accepted accounting principles in the USA, (2) a conclusion on compliance and internal

controls based on an audit of the GAAP reporting packages for the selected funds performed in accordance with Government Auditing Standards, and (3) a conclusion on the Schedule of Expenditures of Federal Awards for GAAP reporting packages.

The auditing services will be made in conformity with the following guidelines and regulations:

1. The standards for financial audits set forth in the U.S. Government Accountability Office's Government Auditing Standards which includes generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
2. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
3. Special items or reports prescribed by SAO as set forth in Attachment F Audit Services Schedule.
4. OMB Uniform Grant Guidance.

The Firm will conduct the audit in accordance with auditing standards specified herein. Accordingly, the Firm will examine, on a test basis, evidence supporting the amounts and disclosures in the GAAP reporting packages, assess the accounting principles used and significant estimates made by MDE, and evaluate the overall financial presentation.

As a part of the Firm's audit, it will consider MDE's internal control over financial reporting in order to determine auditing procedures for the purpose of issuing a conclusion on the selected GAAP reporting packages and not to provide assurance on the internal control over financial reporting. This consideration will not be sufficient to enable the Firm to render separate opinions on the effectiveness of the internal control over financial reporting.

The objective of the audit is to obtain reasonable assurance about whether the GAAP reporting packages of the selected funds and account groups are free of material misstatement whether arising from errors, fraudulent financial reporting or misappropriation of assets. MDE acknowledges that while effective internal control reduces the likelihood that misstatements of this nature may occur and remain undetected, it does not eliminate that possibility. For that reason and because the Firm uses selective testing in its audit, the Firm cannot guarantee that material misstatements, if present, will be detected.

The GAAP reporting packages referred to above are the responsibility of the management of MDE. In this regard, management is responsible for properly recording transactions in the accounting records and maintaining an internal control sufficient to permit the preparation of reliable financial statements. Management is also responsible for making available to the Firm, upon request, all of MDE's original accounting records and related information and MDE personnel to whom the Firm's audit staff may direct inquiries.

As required by applicable auditing standards, the Firm will make specific inquiries of management and others about the representations embodied in the GAAP reporting packages and the effectiveness of the internal control. Generally accepted auditing standards also require that the Firm obtain representation letters covering the GAAP reporting packages from certain members of MDE's management. The results of the audit tests, the responses to the Firm's inquiries, and the written representations comprise the evidential matter the Firm will rely upon in forming an opinion on the selected GAAP reporting packages. Because of the importance of management's representations to an effective audit, MDE agrees to release the Firm and its personnel from any liability and costs relating to their services under this letter attributable to any misrepresentations by management contained in the representation letter referred to above.

MDE, with the written consent of SAO, shall have the right to reject, at any time during this contract period, any work not meeting the terms of this contract. Should MDE or SAO reject any services, MDE's or SAO's authorized representative shall notify the Firm in writing by registered mail of such rejection giving the reasons therefore. The right to reject services shall extend throughout the life of this contract. However, prior to termination of this contract by MDE, MDE must provide written justification to SAO documenting the reasons for requesting the contract be terminated. MDE must obtain written approval from SAO prior to terminating the contract.

MDE and SAO may request the Firm to perform additional duties under the contract. Before this work would begin, MDE, SAO and the Firm will mutually agree in writing upon the terms, including compensation, for the additional work to be performed.

The Firm acknowledges that MDE and SAO are relying on the timely completion of this contract in its scheduling and budgeting and that time is of the essence. If the Firm fails to meet the completion date prescribed herein, MDE and/or SAO may, at their option, reduce the agreed compensation by an amount not to exceed ten percent (10%) of the total contract amount as liquidated damages for the failure to complete the contract by the completion date.

MDE, with the written consent of SAO's authorized representatives, is empowered to accept or reject the services furnished by the Firm in compliance with the provisions of this contract and the attached Audit Services Schedule. However, any rejection of services must be based solely on the Firm's failure to comply with the terms of the contract, and cannot be based on the nature of the Firm's opinion on the financial status of MDE in its audit report. However, prior to termination of the contract by MDE, MDE must provide written justification to SAO documenting the reasons for requesting the contract be terminated. MDE must obtain written approval from SAO prior to terminating the contract.

The Firm shall have a certified public accountant (CPA) as the certifying official of the final management reports.

E. TIME FRAME

The anticipated initial contract period will be from September 23, 2016 through September 22, 2018. MDE may elect to extend the initial period for an additional two years, and then another extension for one year, for a total possible contract period of five years.

Renewal of contract for subsequent years will be determined annually and shall be contingent upon successful completion of the services in the preceding year's contract and a performance-based evaluation.

A contract will be awarded to the Firm whose proposal is determined to be the most advantageous to the State, taking into consideration the price and the evaluation factors set forth in the RFP.

F. PAYMENTS

MDE shall pay, or make payments on, consideration in accordance with the following schedule or procedure:

The Firm shall submit monthly invoice(s) to MDE with supporting documentation of costs incurred. The invoices shall outline the work performed and number of hours worked. MDE shall pay ninety percent (90%) of each invoice and will retain the remaining ten percent (10%) until final payment is made. MDE will pay such invoices in accordance with the law related to timely payment for purchases by public bodies (Miss Code Ann. Section 31-7-301 et seq., Rev.1990). The final payment, including retained amounts, shall be made after completion and acceptance of the auditing services. In no instance will a payment be made in excess of the contract amount.

Payments shall be made and remittance information provided electronically as directed by the State of Mississippi Department of Finance and Administration (DFA). These payments shall be deposited into the bank account of the Firm's choice. The State of Mississippi DFA may, at its sole discretion, require the Firm to submit invoices and supporting documentation electronically at any time during the term of this Agreement. The Firm understands and agrees that the State is exempt from the payment of taxes. All payments shall be in the United States currency.

G. FIRM REQUIREMENTS

The Firm will be responsible for all tasks required to complete the project as described in the Scope of Work. It is anticipated that this shall include but not be limited to:

- Hold an entrance conference with the Firm's auditor-in-charge, MDE's Internal Audit Staff, Executive Director, and SAO's authorized representatives prior to commencement of any work in order to determine the scope of services, and

other related factors.

- If applicable, provide an “in-relation-to” conclusion on the supporting schedules based on the auditing procedures applied during the audit of the selected funds’ basic financial statements.
- If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted in the United States of America auditing standards.

The Firm shall perform the following procedures at the request of SAO:

- Examine the June 30, 2016, GAAP reporting packages and underlying records (including the Schedule of Expenditures of Federal Awards) for completeness and accuracy for inclusion in the State of Mississippi’s *Comprehensive Annual Financial Report*.
- Prepare adjusting entries to the selected funds’ trial balances prepared by the Department of Finance and Administration (DFA) based on the GAAP packages in order to adjust the trial balances. These adjusting entries should be prepared on the DFA adjusting entry standardized forms and submitted to MDE for approval and SAO for review and processing within due dates specified by SAO.
- Prepare a letter to management on suggestions for improvement in internal control and correction of any noncompliance matters.
- Conduct an exit conference upon giving prior notice to SAO.
- Obtain a plan of corrective action from MDE in accordance with instructions provided by SAO.
- Submit to SAO a letter of representation.
- Issue financial statement audit reports on the fair presentation of the financial statements of each selected fund in conformity with accounting principles generally accepted in the United States of America.
- Following the completion of the audit of the fiscal year’s financial statements, the Firm shall issue a management report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

In the required management report on internal control over financial reporting, the Firm shall communicate material instances of noncompliance and any significant deficiencies found during the audit. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

H. ASSISTANCE TO BE PROVIDED BY THE MISSISSIPPI DEPARTMENT OF EDUCATION

- MDE staff will be available during the audit to assist the Firm by providing information, documentation, and explanations. The Accounting Department will be available to assist with the preparation of statements, schedules, and analytical reviews.
- The MDE internal audit staff will be available to assist the auditor in performing audit tests. The Director of Internal Audit will serve as the liaison between the Firm, agency staff, and the State Board of Education.
- The MDE Chief Information Officer will be available to provide system documentation and explanation.
- MDE will provide the auditor with reasonable work space. The auditor will also be provided with access to photocopying facilities and a FAX machine.
- MDE Accounting Director is responsible for preparing all GAAP Packages and supporting schedules.

I. MANAGEMENT RESPONSIBILITIES OF PERSONNEL AND ADMINISTRATION

Except where expressly provided otherwise herein, each party shall bear its own cost incurred in performing its responsibilities hereunder. The Firm will provide one person who will be responsible for all activities required to fulfill said contract. This individual will be invested with the authority to make decisions and commitments on behalf of the contracted party during the performance of the RFP.

The MDE will also designate one representative who will act as the primary contact for this office. This representative will be responsible for conferring with any and all parties necessary to resolve unanticipated issues or requirements that might occur during the course of the RFP.

J. TERMINATION IN EVENT OF EMPLOYMENT

Contract will be terminated immediately if any member of the Firm becomes an employee of MDE and is only subject to payment of services prior to effective date of employment at MDE.

K. AVAILABLE BUDGET

Because of the scope of this project we believe it should be possible for different proposers to arrive at vastly differing estimates of resources required. In an effort to assure a fair and equitable evaluation and award we will advise potential Firms of the funds available. It is anticipated that this will allow the proposers to explain exactly what the State will receive for this amount of funds and will allow evaluators to determine the best proposal based upon the qualifications and the description of what the State will receive in exchange for this amount.

L. FORMAT AND PROCEDURE FOR DELIVERY OF PROPOSAL

The proposal will consist of eight parts: Part I – Proposal Transmittal Form; Part II – Firm Profile; Part III – Technical Proposal; Part IV – Dollar Cost Bid; Part V – Standard Agreement; Part VI – Prospective Firm’s Representation Regarding Contingent Fees Form; Part VII – Proprietary Information Form and Part VIII – Acknowledgement of RFP Amendments Form. The proposal shall be prepared with a 12-point font with single spacing, bound with no staples, clips, or rubber bands.

- **Part I** is the Proposal Transmittal Form (Attachment A), which shall serve as the cover page of the offeror’s proposal. The offeror shall complete the form and attach to the proposal in response to the RFP.
- **Part II** is the Firm Profile, which shall provide satisfactory evidence of the Firm’s capability to manage and coordinate the types of activities and to provide the services described in this RFP in a timely manner. Special attention should be given to the qualifications listed in the Qualifications Section Q of this RFP. A discussion shall include a description of the Firm’s background and relevant experience as related to the described activities. A description and details of the relevant experience shall be included. Samples of previous work may be included as well as letters of recommendation from current customers.
- **Part III** is the Technical Proposal that shall provide a detailed plan describing how the services will be performed to meet the requirements of the RFP. The description shall encompass the requirements of Part I and Part II of this RFP. The proposal must be prepared and organized in a clear and concise manner that is easily understandable. The proposal shall address the tasks to be accomplished, processes to be undertaken to accomplish those tasks, and a proposed timeline for completion. Examples of materials that demonstrate the quality of work completed by the Firm on similar projects should be included.
- **Part IV** is the Dollar Cost Bid that shall include the cost proposal and must encompass all requirements of this RFP. In order to be considered, Firms must submit a proposal that includes all costs for services, expenses, and products specified in the RFP, including out-of-pocket expenses. The Dollar Cost Bid is a maximum cost. The MDE will not pay any costs above this amount. Indirect costs

will not be allowed. The first page of the Dollar Cost Bid should include the following information:

- a. Name of Firm
- b. A total all-inclusive maximum price for the five-year contract period

Pages 2 through 6 of the Dollar Cost Bid should include a schedule of professional fees and expenses, for each year 2016 through 2020, presented in the format provided in Attachment E that supports the total all-inclusive maximum price.

Out-of-pocket expenses for Firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by MDE for its employees. See MDE Travel Policy at www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf. All estimated out-of-pocket expenses to be reimbursed should be presented in the Dollar Cost Bid in the format provided in Attachment E. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the Firm.

- **Part V** is the Standard Agreement section where the Firm shall indicate agreement with the terms and conditions as set forth in Standard Agreement (Attachment G) of the RFP. If the Firm objects to any of the terms and conditions, the Firm shall so state and shall indicate any revisions desired by the Firm. Please note that any revisions may be considered adequate cause for rejection of the proposal.
- **Part VI** is the Prospective Firm's Representation Regarding Contingent Fees Form (Attachment B) which must be completed and attached to the proposal in response to the RFP.
- **Part VII** is the Proprietary Information Form (Attachment C) which must be completed and attached to the proposal in response to the RFP. Offerors must designate those portions of the proposals which contain trade secrets or other proprietary data which may remain confidential in accordance with section 25-61-9 and 79-23-1 of the Mississippi Code.
- **Part VIII** is the Acknowledgment of RFP Amendments Form (Attachment D) which must be completed and attached to the proposal in response to the RFP. Should an amendment to the RFP be issued, it will be posted on the MDE's website at www.mde.k12.ms.us under "Public Notices/Request for Proposals." Proposers must acknowledge receipt of any amendment to the RFP by signing and returning the amendment form with the proposal and by identifying the amendment number and date in the space provided for this purpose on the amendment form. The acknowledgment must be received by MDE by the time and at the place specified for receipt of proposals. Please monitor the website for

amendments to the RFP. Responses to questions and/or correspondence from a Pre-Bid Conference will be treated as amendments to the RFP and will require acknowledgment.

M. ACCEPTANCE OF PROPOSALS

The Mississippi Department of Education reserves the right, in its sole discretion, to waive minor irregularities in proposals. A minor irregularity is a variation of the RFP, which does not affect the price of the proposal, or give one party an advantage or benefit not enjoyed by other parties, or adversely impacts the interest of the Department. Waivers, when granted, shall in no way modify the RFP requirements or excuse the party from full compliance with the RFP specifications and other contract requirements if the party is awarded the contract.

N. REJECTION OF PROPOSALS

Any proposal shall be rejected in whole or in part when it is determined to be in the best interest of the State, as provided by the Personal Service Contract Review Board regulations. Reasons for rejecting a proposal include, but are not limited to:

1. The proposal contains unauthorized amendments to the requirements of the RFP.
2. The proposal is conditional.
3. The proposal is incomplete or contains irregularities, which make the proposal indefinite or ambiguous.
4. The proposal is not signed by an authorized representative of the party.
5. The proposal contains false or misleading statements or references.
6. The offeror is determined to be non-responsive.
7. The proposal ultimately fails to meet the announced requirements of the State in some material aspect.
8. The proposal price is unreasonable.
9. The products or service item offered in the proposal is unacceptable by reason of its failure to meet the requirements of the specifications or permissible alternates or other acceptable criteria set forth in the RFP.
10. The offeror did not complete and/or sign the required attachments and include as part of proposal submission.
11. The Firm does not meet one of the mandatory elements listed under the Evaluation Criteria in Section R.

EXCEPTIONS:

The MDE reserves the right to reject any and all proposals, to negotiate with the best proposed offeror to address issues other than those described in the proposal, to award a contract to other than the low offeror, or not to make any award if it is determined to be in the best interest of the MDE.

O. DISPOSITION OF PROPOSALS

All submitted proposals become the property of the Mississippi Department of Education and will not be returned to offeror.

P. CONDITIONS OF SOLICITATION

The release of the RFP does not constitute an acceptance of any offer, nor does such release in any way obligate the MDE to execute a contract with any other party.

The offeror shall assure compliance with the following conditions of solicitation:

1. Any proposal submitted in response to the RFP shall be in writing.
2. The MDE will not be liable for any costs associated with the preparation of proposals or negotiations of contract incurred by any party.
3. The award of a contract for any proposal is contingent upon the following:
 - Favorable evaluation of the proposal.
 - Approval of the proposal by the Bureau of Internal Audit and the Mississippi Department of Education.
 - Successful negotiation of any changes to the proposal as required by MDE.
4. Likewise, the MDE also reserves the right to accept any proposal as submitted for contract award, without substantive negotiation of offered terms, services, or prices. Therefore, all parties are advised to propose their most favorable terms initially. Discussions may be conducted with offerors who submit proposals determined to be reasonably susceptible of being selected for the award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements, but proposals may be accepted without such discussions.
5. MDE reserves the right to cancel this solicitation when it is determined in writing to be in the best interest of the State..
6. Any proposal received after the time and date set for receipt of proposals is late. Any withdrawal or modification of a proposal received after the time and date set for receipt of proposals at the place designated for receipt is late. No late proposal, late modification, or late withdrawal will be considered unless receipt would have been timely but for the action or inaction of State personnel directly serving the procurement activity.
7. Bidders shall acknowledge receipt of any amendment to the solicitation by signing and returning the Acknowledgement of RFP Amendment Form (Attachment D) with the proposal, by identifying the amendment number and date in the space provided for this purpose on the form. The acknowledgment must be received by the

Mississippi Department of Education by the time and at the place specified for receipt of proposals.

8. The bidder certifies that the prices submitted in response to the solicitation have been arrived at independently and without – for the purpose of restricting competition – any consultation, communication, or agreement with any other bidder or competitor relating to those prices, the intention to submit a bid, or the methods or factors used to calculate the bid prices.

Q. QUALIFICATIONS

The Firm shall provide the following minimum information:

- The name of the Firm, the location of the Firm's principal place of business and, if different, the place of performance of the proposed contract;
- The age of the offeror's business and average number of employees over the previous three years;
- Identify the principal supervisory and management staff, including engagement partners, managers, and 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;
- Provide information on the government auditing experience of each person, including information on the relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Also indicate how the quality of staff over the term of the agreement will be assured;
- An affirmative statement that it is independent of MDE as defined by generally accepted auditing standards. An affirmative statement that it is independent of the State of Mississippi and any other component units of that entity, as defined by those same standards;
- List and describe its professional relationships involving MDE for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the Firm shall give MDE written notice of any professional relationships entered into during the period of this agreement;
- List other contracts under which services similar in scope, size, or discipline to the required services were performed or undertaken within the previous five (5) years;
- A plan giving as much detail as is practical explaining how the services will be performed;
- 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 government engagements; and,
- Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, provide information on the circumstances and status of any disciplinary action taken or pending against the Firm during the past three (3) years.

R. CRITERIA FOR EVALUATION OF PROPOSALS

The MDE reserves the right to accept, reject, or negotiate any or all offers on the basis of the evaluation criteria contained within this document. The final decision to execute a contract with any party rests solely with the MDE.

Proposals submitted by the specified time and containing the eight parts described in the Format and Procedure for Delivery of Proposal section shall be evaluated by an Evaluation Committee selected by the MDE.

The Evaluation Committee will use a point formula during the review process to score proposals. Each technical proposal will be scored according to the criteria described below. This score will then be converted to a true score by use of the following formula:

$$\frac{\text{Average technical points of Firm's proposals (item 2)}}{\text{Average highest technical points of all proposals}}$$

The above percentage will then be multiplied by 60.

After the technical score for each Firm has been established, the Dollar Cost Bid will be evaluated and a price score will be established by use of the following formula:

$$\frac{\text{Lowest price of all proposals}}{\text{Price of Firm's proposals}}$$

The above percentage will then be multiplied by 40.

The technical score and the price score will be added together to determine a total score for each proposal. The evaluation committee will submit the total score for each proposal and make a recommendation to the State Board of Education for their review and approval.

The price will also be an important factor since MDE wants the highest qualified Firms at the lowest possible price. On this basis, MDE reserves the right to negotiate with any Firm.

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

Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements (if one of the following elements is not met, the Firm will be rejected)
 - a. The audit Firm is independent and licensed to practice in Mississippi
 - b. The Firm has no conflict of interest with regard to any other work performed by the Firm for MDE or the State of Mississippi
 - c. The Firm submits a copy of its most recent external quality control review report and the Firm has a record of quality audit work
 - d. The Firm adheres to the instructions in this request for proposals on preparing and submitting the proposal
2. Technical Qualifications: (Maximum Points – 60)
 - a. Expertise and Experience: (Maximum Points – 30)
 - (1) The Firm's past experience and performance on comparable government engagements
 - (2) The quality of the Firm's professional personnel to be assigned to the engagement and the quality of the Firm's management support personnel to be available for technical consultation
 - (3) The Firm's knowledge of the Mississippi Accountability System for Government Information and Collaboration (MAGIC) and experience in auditing in an environment of comprehensive change
 - b. Audit Approach: (Maximum Points – 30)
 - (1) Adequacy of proposed staffing plan for various segments of the engagement
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures
3. Price: (Maximum Points – 40)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION

Awards shall be made to the responsive and responsible offeror whose proposal is determined to be the most advantageous to the State, taking into consideration the price and the evaluation factors set forth. Results of the evaluation and the recommendation of the evaluation team will be forwarded to the State Board of Education.

S. RIGHT TO PROTEST

Any actual or prospective offeror who is aggrieved in connection with the solicitation or award of a contract may protest to the Agency head. The protest must be submitted in writing within seven (7) days after such aggrieved person knows or should have known of the facts giving rise thereto. The Agency head, or designee, shall promptly issue a decision in writing. The decision shall:

- (a) state the reason for the action taken; and
- (b) inform the protestant of its right to administrative review.

Tentative Timeline

Request for Proposals for Professional Auditing Services

August 1, 2016	Release RFP
August 1, 2016 and August 8, 2016	Advertisement dates in The Clarion Ledger
August 1, 2016	Post to DFA Procurement Portal and MDE website
August 15, 2016	Deadline for RFP questions
August 23, 2016	Deadline for program office response to questions and posting to website
August 30, 2016	Proposals due by 3:30 p.m. Central Time (CT) to Procurement
August 31, 2016 – September 2, 2016	Evaluation of Proposals
September 15, 2016	Recommendation to Mississippi Board of Education
September 23, 2016	Contract Start Date

ATTACHMENT A

PROPOSAL TRANSMITTAL FORM

Request for Proposals for Professional Auditing Services

Name of Offeror: _____

Contact Person: _____

Title: _____

Location of Offeror's Principal Place of Business:

Location of Place of Performance (if different from above):

Phone Number: _____ Fax Number: _____

Mailing Address: _____

By my signature below, I hereby represent that I am authorized to and do bind the offeror to the provisions of the attached proposal. The undersigned offers and agrees to perform the specified personal and professional services in accordance with provisions set forth in the Request for Proposals (RFP). Furthermore, the undersigned fully understands and assures compliance with the Conditions of Solicitation and Standard Agreement contained in the RFP. The undersigned is fully aware of the evaluation criteria to be utilized in awarding the contract.

Authorized Signature

Date

Proposal Due Date: August 30, 2016, 3:30 p.m., Central Time (CT)

Mississippi Department of Education: Office of Procurement

ATTENTION: Lorraine Wince

Request for Proposals for Professional Auditing Services

See page number 3 for delivery addresses.

ATTACHMENT B

CONTINGENT FEES FORM

The prospective Firm represents as a part of such Firm's bid or proposal that such Firm has () or has not () retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract.

Offeror Signature

Date

Title of Request for Proposal

*Please check appropriate response

ATTACHMENT C

PROPRIETARY INFORMATION

The enclosed proposal does () or does not () contain trade secrets or other proprietary data which the offeror wishes to remain confidential in accordance with Section 25-61-9 and 79-23-1 of the Mississippi Code.

If the enclosed proposal does include pages that the offeror wishes to designate as proprietary, please list page numbers below.

Offeror Signature

Date

Title of Request for Proposal

*Please check appropriate response

ATTACHMENT D

ACKNOWLEDGEMENT OF RFP AMENDMENTS

I acknowledge all amendments, if any, to this RFP. Please list amendments acknowledged by number and date.

Responses to questions and/or correspondence from a Pre-Bid Conference will be treated as amendments to the RFP and will require acknowledgment.

Offeror Signature

Date

Title of Request for Proposal

ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID SUMMARY FORM**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEARS 1-5

Name of Firm: _____

Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total
\$	\$	\$	\$	\$	\$

ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEAR 1

Prepare a separate form for each year and include a summary sheet for five (5) years.

Name of Firm: _____

GENERAL SPECIFICATIONS			
	Number of Hours	Quoted Hourly Rates	Total
Partners		\$	\$
Managers		\$	\$
Supervisory staff		\$	\$
Staff		\$	\$
Other fees (specify)		\$	\$
Subtotal General Specifications:			\$

OUT-OF-POCKET EXPENSES*	
Meals and lodging	\$
Transportation	\$
Other out-of-pocket expenses (specify)	\$
* Travel expenses will be reimbursed at the rates used by MDE for its employees. See http://www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf	
Subtotal Out-of-pocket Expenses:	\$

YEAR 1 GRAND TOTAL	\$
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ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEAR 2

Prepare a separate form for each year and include a summary sheet for five (5) years.

Name of Firm: _____

GENERAL SPECIFICATIONS			
	Number of Hours	Quoted Hourly Rates	Total
Partners		\$	\$
Managers		\$	\$
Supervisory staff		\$	\$
Staff		\$	\$
Other fees (specify)		\$	\$
Subtotal General Specifications:			\$

OUT-OF-POCKET EXPENSES*	
Meals and lodging	\$
Transportation	\$
Other out-of-pocket expenses (specify)	\$
* Travel expenses will be reimbursed at the rates used by MDE for its employees. See http://www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf .	
Subtotal Out-of-pocket Expenses:	\$

YEAR 2 GRAND TOTAL	\$
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ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEAR 3

Prepare a separate form for each year and include a summary sheet for five (5) years.

Name of Firm: _____

GENERAL SPECIFICATIONS			
	Number of Hours	Quoted Hourly Rates	Total
Partners		\$	\$
Managers		\$	\$
Supervisory staff		\$	\$
Staff		\$	\$
Other fees (specify)		\$	\$
Subtotal General Specifications:			\$

OUT-OF-POCKET EXPENSES*	
Meals and lodging	\$
Transportation	\$
Other out-of-pocket expenses (specify)	\$
* Travel expenses will be reimbursed at the rates used by MDE for its employees. See http://www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf .	
Subtotal Out-of-pocket Expenses:	\$

YEAR 3 GRAND TOTAL	\$
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ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEAR 4

Prepare a separate form for each year and include a summary sheet for five (5) years.

Name of Firm: _____

GENERAL SPECIFICATIONS			
	Number of Hours	Quoted Hourly Rates	Total
Partners		\$	\$
Managers		\$	\$
Supervisory staff		\$	\$
Staff		\$	\$
Other fees (specify)		\$	\$
Subtotal General Specifications:			\$

OUT-OF-POCKET EXPENSES*	
Meals and lodging	\$
Transportation	\$
Other out-of-pocket expenses (specify)	\$
* Travel expenses will be reimbursed at the rates used by MDE for its employees. See http://www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf .	
Subtotal Out-of-pocket Expenses:	\$

YEAR 4 GRAND TOTAL	\$
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ATTACHMENT E

**PROFESSIONAL AUDITING SERVICES
DOLLAR COST BID**

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR YEAR 5

Prepare a separate form for each year and include a summary sheet for five (5) years.

Name of Firm: _____

GENERAL SPECIFICATIONS			
	Number of Hours	Quoted Hourly Rates	Total
Partners		\$	\$
Managers		\$	\$
Supervisory staff		\$	\$
Staff		\$	\$
Other fees (specify)		\$	\$
Subtotal General Specifications:			\$

OUT-OF-POCKET EXPENSES*	
Meals and lodging	\$
Transportation	\$
Other out-of-pocket expenses (specify)	\$
* Travel expenses will be reimbursed at the rates used by MDE for its employees. See http://www.mde.k12.ms.us/docs/procurement2/travel_policy_1-4-2016.pdf .	
Subtotal Out-of-pocket Expenses:	\$

YEAR 5 GRAND TOTAL	\$
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ATTACHMENT F

Schedule of Selected Funds and Programs for Audit For the Fiscal Year Ending June 30, 2016

Fund Number/Type	Account No.	Account Name
4423000000/ General		
5320100000/ General		
	All	Accrued Compensated Absences
CFDA #		
10.553 10.555 10.556 10.559		Child Nutrition Cluster
10.558		Child and Adult Care Food Program
84.010		Title I

Schedule of Due Dates

Fund Type	Date Working Papers Adjustments and Conclusions Due to SAO
General Fund adjustments	October 31, 2016
Financial Statement Audit Reports	November 15, 2016
Program-specific audits of selected federal programs	December 31, 2016

ATTACHMENT G

Standard Agreement

This Contract, entered into as of this _____ day of August, 2016, by and between the Mississippi Department of Education, hereinafter referred to as the "MDE," the Office of the State Auditor, hereinafter referred to as the "OSA," and _____, hereinafter referred to as the "Firm."

1. The MDE and OSA desire to engage the Firm to render certain professional services described within this contract and in the attached Audit Services Schedule with respect to the MDE's fiscal year 2016 financial statements, grant schedules and compliance with federal program requirements.
2. The Firm shall receive as compensation as an independent contractor for the described auditing services a fee not to exceed \$_____ plus any amount authorized by a duly executed amendment as provided in paragraph 14 of this contract. Said fee is fixed but is based on an average of \$_____ for each hour of work performed for services rendered pursuant to this contract.

Said fees are based on the expectation that the MDE's accounting records are complete and up-to-date and that the MDE will provide, on a timely basis, audit schedules and supporting information, including communication of all significant accounting and financial reporting matters, as well as clerical assistance as is normal and reasonable in the circumstances. If for any audited year such records, schedules, etc., are not provided or other unforeseen conditions or events arise, the Firm will confer with the MDE and OSA to mutually revise the fee to reflect the additional effort required of the Firm to achieve its objectives.

3. The State of Mississippi requires the Firm to submit invoices electronically throughout the term of the agreement. Vendor invoices shall be submitted to the MDE using the processes and procedures identified by the State. Mississippi Accountability System for Government Information and Collaboration (MAGIC) shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Firm's choice. The Firm understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency.

The Firm shall submit invoice(s) to the MDE with supporting documentation of costs incurred. The invoices shall outline the work performed and the number of hours worked. The MDE will pay ninety percent (90%) of each invoice and will retain the remaining ten percent (10%) until final payment is made. The MDE will pay such invoices in accordance with the law related to timely payment for purchases by public bodies (Miss. Code Ann. Section 31-7-301 et seq., Rev.1990). The final payment shall be made after completion and acceptance of the audit services. In no instance will a payment be made in excess of the contract amount for each year audited.

4. a. The auditing services will be made in conformity with the following guidelines and regulations:
 - i. The Firm has the responsibility to conduct and will conduct the audit of the MDE's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements that have been prepared by management of the MDE, conforms with U.S. generally accepted accounting principles.
 - ii. The standards for federal audits set forth in the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Uniform Grant Guidance, *Audits of States, Local governments, and Non-Profit Organizations*.
 - iii. Special items or reports prescribed by the OSA as set forth in the attached Audit Services Schedule.
 - iv. Compliance with applicable state laws as set forth in the attached Audit Services Schedule.
 - v. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
- b. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, the Firm will perform tests of the accounting records and such other procedures, as the Firm considers necessary in the circumstances, based on the Firm's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for the Firm's opinion on the financial statements. The Firm also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management of the MDE, and evaluate the overall financial statement presentation.
- c. The Firm's audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of

financial statements even though the audit is properly planned and performed in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse. The firm will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, the Firm will not express an opinion or provide any assurance on the information. The report relating to the financial statements will include the Firm's consideration of required supplementary information.

- d. Subject to the last sentence of the paragraph, the Firm will issue a written report upon completion of the Firm's audit of the MDE's financial statements. We realize that the Firm cannot provide assurance that an unqualified opinion will be expressed. Circumstances may arise in which it is necessary for the Firm to modify its opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement.
- e. In making the Firm's risk assessments as a part of planning and performing the audit of the financial statements, it will consider the MDE's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of its audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the MDE's internal control.
- f. Management of the MDE acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management of the MDE also is responsible for identifying and ensuring that the MDE complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing the Firm of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management of the MDE also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management of the MDE is also responsible for informing the Firm, of which it has knowledge, of all material weaknesses and significant deficiencies, in the design or operation of such controls. The audit of the financial statements does not relieve management of the MDE or the audit committee of their responsibilities.

- g. Management of the MDE also acknowledges and understands that it is their responsibility to provide the Firm with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that the Firm may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom the Firm determines it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, the Firm will make specific inquiries of management of the MDE about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from certain members of the MDE's management about these matters. The responses to the Firm's inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter the Firm will rely upon in forming an opinion on the financial statements.
- h. Management of the MDE is responsible for adjusting the financial statements to correct material misstatements and for affirming to the Firm in the representation letter that the effects of any uncorrected misstatements aggregated by the Firm during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of the Firm's services, the MDE agrees to release the Firm and its personnel from any claims, liabilities, costs and expenses relating to the Firm's services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.
- i. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the Firm will perform tests of the MDE's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, the Firm's objective is not to provide an opinion on overall compliance with such provisions. The Firm shall report promptly to the MDE and OSA any preliminary findings of possible fraud, misapplication or misappropriation of funds.
- j. In accordance with *Government Auditing Standards*, as part of planning of the audit the Firm will evaluate whether the MDE has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist the Firm, management of the MDE agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including whether related recommendations have been implemented.

- k. In accordance with *Government Auditing Standards*, the Firm will issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but warrant the attention of those charged with governance. In accordance with *Government Auditing Standards*, the Firm is also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee. In accordance with OMB Uniform Grant Guidance, two reports will be required for the federal programs audited: 1) Report on the Financial Statement of a Federal Program in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance; and, 2) Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control over Compliance in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance. Also required will be management letters which detail findings noted which require management's attention.
- l. The Firm will report to management of the MDE, in writing, the following matters:
 - i. Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
 - ii. Uncorrected misstatements accumulated by the Firm during the audit and the effect that they, individually or in the aggregate, may have on the Firm's opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
 - iii. Significant difficulties and disagreements with management, if any, encountered during the Firm's audit.
 - iv. Other matters required to be communicated by auditing standards generally accepted in the United States of America.

To the extent that they come to the Firm's attention, it will inform the appropriate level of management of the MDE and OSA about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to the Firm's attention, it also will communicate illegal acts that come to the Firm's attention, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in the Firm's judgment, cause a material misstatement of the financial statements.

If, during the performance of the Firm's audit procedures, circumstances arise which make it necessary to modify their report or withdraw from the engagement, the Firm will communicate its reasons for modification or withdrawal.

5. The MDE, with the written consent of OSA, has the right to reject, at any time during the contract period, any work not meeting the terms of this contract. Should the MDE or OSA reject any services, the MDE's or the OSA's authorized representative shall notify the Firm in writing by registered mail of such rejection giving reason therefore. The right to reject services shall extend throughout the term of this contract. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.
6.
 - a. The Firm shall provide any adjustments needed for proper financial statement presentation, approved by MDE management, to the OSA by October 31, 2016. This includes changes to the grant schedule. The completed audit reports and management letter on the audited funds will be required by November 15, 2016. Audit reports on the selected federal programs will be due no later than December 31, 2016.
 - b. The Firm acknowledges that the MDE and OSA are relying on the timely completion of this contract in its scheduling and budgeting and that time is of the essence. If the Firm fails to meet the completion date prescribed herein, the MDE and/or OSA may, at their option, reduce the agreed compensation by an amount not to exceed ten percent (10%) of the total contract amount as liquidated damages for the failure to complete the contract by the completion date provided the failure to meet the report delivery deadline is not the result of MDE delays.
7. The contract shall expire one hundred twenty (120) days after the delivery of the completed audit reports and management letters so that any questions raised during the audit may be resolved.
8. The Firm's technical proposal for professional services dated _____, 2016, is hereby incorporated herein as Exhibit "A."
9. The Firm shall submit a monthly progress report which details the work completed the preceding month to the MDE and OSA authorized representatives. The report shall be delivered within ten (10) days after the end of the preceding month.
10. The MDE with the written consent of the OSA's authorized representative is empowered to accept or reject the services furnished by the Firm in compliance with the material provisions of this contract and the attached Audit Services schedule. However, any rejection of services must be based solely on the Firm's failure to comply with the material terms of this contract, and cannot be based on the nature of the Firm's opinion on the financial status of the MDE in its audit report. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.

11. The Firm shall have a certified public accountant (CPA) as the certifying official of the final reports.
12. The work papers prepared in conjunction with the services under this contract are the property of the Firm, constitute confidential information and will be retained by the Firm in accordance with its policies and procedures. These records shall be maintained for at least five (5) years; however, if any litigation or other legal action, by or on behalf of the State has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution. The firm agrees to make its workpapers available to subsequent fiscal year audit firms. Upon request by the MDE or OSA, any data, files and records collected by the Firm will be destroyed or returned to the MDE or OSA. The Firm may retain, however, copies of all such records required for recordkeeping purposes or for compliance with applicable professional standards. Pursuant to *Government Auditing Standards*, the Firm is required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, the Firm may be requested to make certain work papers available to OSA pursuant to authority provided to it by law or regulation. Access to the requested work papers will be provided under supervision of the Firm's personnel. Furthermore, upon request, the Firm may provide photocopies of selected work papers to Regulators. Such Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.
13. The contract may be terminated as follows:
 - a. Termination for Cause. Upon the failure of either party to perform any obligation or observe any covenant required hereunder, the non-defaulting party, with the written consent of the OSA, shall have the right to send a written notice to the defaulting party specifying such failure and demanding cure within ten (10) days of receipt of such notice. If the defaulting party has not remedied such failure within the cure period, or has not made substantial progress toward remedying such failure within the cure period, then the non-defaulting party may terminate the contract immediately by sending a written notice of termination to the defaulting party. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract. In the event of termination for cause by the MDE and/or OSA, in addition to other remedies provided herein or available at law or in equity, the Firm shall bear all costs associated with the issuance of a new contract for audit services, including, but not limited to, the cost of reissuing another request for proposals and any additional costs resulting from an acceleration of services necessary for the timely completion of such auditing services.

- b. Termination by MDE. The MDE, with the written consent of the OSA, may terminate this contract, with or without cause, by providing a fifteen (15) day written notice of termination to the Firm. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.
 - c. Termination Upon Bankruptcy. This contract may be terminated in whole or in part by MDE or SAO upon written notice to the Firm, if the Firm should become the subject of bankruptcy or receivership proceedings, whether voluntary or involuntary, or upon the execution by the Firm of an assignment for the benefit of its creditors. In the event of such termination, the Firm shall be paid an amount for all services actually performed pursuant to this contract, but in no case shall said compensation exceed the total contract price; or
 - d. In the event of termination, the Firm will be entitled to payment for services in an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Firm covered by the contract, less payments previously made. In no instance, other than as specified in paragraph 2 will a payment be made in excess of the contract amount for each audited year. All finished or unfinished tests, surveys, checklists, forms, manuals, reports or other material prepared by the Firm under this contract shall become the property of the OSA.
14. The MDE, the OSA, or the Firm may, from time to time, request changes in the scope of services of the Firm to be performed thereunder. Such changes, including any increase or decrease in the amount of the Firm's compensation which are mutually agreed upon by and between the MDE, the OSA, and the Firm shall be included in written amendments to this contract signed by all parties prior to the work being performed.
15. The Firm shall not assign or otherwise transfer the obligations incurred on its part pursuant to the terms of this contract without the prior written consent of the MDE and OSA. Any attempted assignment or transfer of its obligation without such consent shall be wholly void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.
16. The Firm shall comply, in all material respects, with all applicable laws, regulations, policies and procedures of the United States of America or any MDE thereof, the State of Mississippi or any MDE thereof and any local governments or political subdivisions that may affect the performance of services under this contract and all applicable laws and regulations relating to discrimination based on age, race, creed, color, sex, and national origin or disability. The MDE will assist the Firm in identifying the policies and procedures promulgated by the State of Mississippi or

any MDE or political subdivision thereof that impact the services.

17. The Firm agrees to indemnify, defend, and hold harmless, the MDE and OSA from and against all claims, demands, liabilities, damages and costs relating to our services under this agreement that are attributable to or resulted from intentional, deliberate misconduct or actionable gross negligence of the Firm and/or its partners, principals, agents, employees or subcontractors in the performance of this contract.
18. This contract shall be construed and governed in accordance with the laws of the State of Mississippi.
19. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of the contract shall be valid and enforceable to the fullest extent permitted by law.
20. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
21. The firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."
22. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without – for the purpose of restricting competition – any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.
23. The Firm certifies to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal department or MDE;
 - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
 - d. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.
24. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the MDE or the OSA. Any person assigned by the Firm to perform the services hereunder shall be the employee of the Firm, who shall have the sole right to hire and discharge its employee.

The Firm shall pay when due, all salaries and wages of its employees and accepts exclusive responsibility for the payment of federal income tax, state income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm nor employees of the Firm are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the MDE for any purpose from said contract sum except as permitted in Paragraph 6(b).

25. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of the contract.
26. The parties expressly understand that the fulfillment of the payment obligations of the MDE under this agreement is conditioned upon the availability and receipt of State funds. In the event that funds are insufficient or otherwise unavailable to satisfy payments due under this agreement, the MDE shall not be obligated to make such payments, and all further obligations of the MDE and the Firm under this agreement shall cease immediately, without penalty, cost or expense to the

MDE or the Firm of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the MDE shall promptly notify the Firm and the OSA, in writing, of such event. The Firm shall be entitled to payment for services in the amount determined under paragraph 13(c) or the amount of available funds, whichever is less.

27. The Firm represents that it will maintain workers' compensation insurance which shall inure to the benefit of all the Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and, where applicable, employee fidelity bond insurance.
28. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the MDE, OSA, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the MDE and OSA a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance, and the Director of the Financial and Compliance Audit Division. The decision of the arbitration panel of OSA on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.
29. This contract, including the documents and schedules previously discussed in paragraph 4.a. and paragraph 8, constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto. A separate engagement letter is being issued covering items required to communicate professional standards that are not covered by the Contract for Professional Services.
30. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification MDE replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a

copy of each such verification to the State. Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject the firm to the following: (a) termination of this agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to the firm by an MDE, department or governmental entity for the right to do business in Mississippi for up to one (1) year or (c) both. In the event of such termination/cancellation, the firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.

31. In accordance with the Mississippi Accountability and Transparency Act of 2008, Section 27-104-151, et seq., of the Mississippi Code of 1972, as amended, the American Accountability and Transparency Act of 2009 (P.L. 111-5), where applicable, and Section 31-7-13 of the Mississippi Code of 1972, as amended, where applicable, a fully executed copy of this agreement shall be posted to the State of Mississippi's accountability website at: <https://merlin.state.ms.us>.
32. Any notices required or authorized under this contract shall be delivered to the persons at the addresses designated in this paragraph. Each party may change the person and address designated by delivering written notice to the other party. Any notice shall be effective when actually delivered to the designated address.

For MDE: Brad Feaster, CPA, CIA
Director of Internal Audit
Mississippi Department of Education
359 North West Street, Suite #308
Jackson MS 39201
Post Office Box 771
Jackson MS 39205-0771
Telephone: (601) 359-2994
Facsimile: (601) 359-6740
Email: bfeaster@mdek12.org

For Firm: _____

For OSA: Stephanie Palmertree, CPA, CGMA
Director, Financial and Compliance Division
State Auditor's Office
501 North West Street, 801 Woolfolk Building
Jackson, MS 39201
Telephone: (601) 576-2606

Facsimile: (601) 576-2687

In witness whereof this contract has been made and executed hereto in triplicate originals.

SIGNED: _____

TITLE: State Superintendent of Education

AGENCY: Mississippi Department of Education

DATE: _____

SIGNED: _____

TITLE: Partner

FIRM: _____

DATE: _____

SIGNED: _____

TITLE: Director, Financial & Compliance Audit Division

AGENCY: State Auditor's Office

DATE: _____

AUDIT SERVICES SCHEDULE

Procedure:

The following procedures must be performed by the Firm after a contract has been awarded:

- Hold an entrance conference with the Firm's auditor-in-charge, Audit Committee, Internal Audit Staff, Executive Director, and OSA's authorized representatives prior to commencement of any work in order to determine the scope of services, and other related factors. A copy of the engagement letter should be forwarded to OSA's authorized representative.
- Hold an entrance conference with all Deputy Administrators and key department heads (giving prior notice to the OSA's authorized representatives so that the OSA may have an opportunity to participate).
- If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- Provide a copy of the Firm's most recent peer review report, as required by *Government Auditing Standards*.

The Firm shall perform the following procedures at the request of the OSA:

- Read and provide comments on the June 30, 2016, GAAP reporting package and underlying records (including the grant activity schedule) for state treasury funds _____ for completeness and accuracy for inclusion in the State of Mississippi's *Comprehensive Annual Financial Report and the Single Audit Report*.
- Changes to the grant activity schedules will be made in accordance with OSA instructions.
- Prepare and post entries to the trial balance prepared by the Department of Finance and Administration (DFA) based on the MDE's GAAP packages and the grant activity schedules prepared by the MDE in order to adjust the trial balances. These adjusting entries should be prepared on the DFA entry standardized forms and submitted to the MDE for approval and then submitted to OSA for review and processing within due dates specified by OSA.
- Prepare a schedule of uncorrected misstatements, have MDE management approve the schedule, and submit it to OSA for inclusion in communication to DFA.

- Provide OSA the planning materiality level(s) used on the audits of fund GAAP reporting packets for use in performing analysis of unaudited aggregated funds and accounts for the CAFR.
- Complete audit reports on the fair presentation of state treasury funds _____ and the schedule of expenditures of federal awards in conformity with generally accepted accounting principles.
- For each major program selected for audit, prepare program-specific audit reports 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 the Uniform Grant Guidance, Subpart F. The program selected for audit as a major program is the _____ (CFDA # _____).
- Review the MDE prepared Summary Schedule of Prior Year Findings for applicability of responses (if applicable).
- Prepare a letter to management on suggestions for improvement in internal control and instances of noncompliance.
- Conduct an exit conference upon giving prior notice to the OSA.
- Obtain a plan of corrective action from the MDE in accordance with instructions provided by the OSA.
- Submit to the OSA a completed "Request for Representations from Other Auditor."

Following the completion of the audit, the Firm shall issue:

- *A Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on the Firm's consideration of internal control over financial reporting and tests of compliance made as part of its audit of the financial statements. Management of the MDE is responsible for providing the Firm with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS report will indicate the status of management's responses.

While the objective of the Firm's audit of the financial statements is not to report on the MDE's internal control over financial reporting and the Firm is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that

have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- *A Report on Compliance With Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control Over Compliance in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance.*

In the required audit report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Uniform Grant Guidance, the Firm shall communicate the following:

- Significant deficiencies in internal control over major programs.
- Significant deficiencies that are also material weaknesses.
- Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program.
- Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program.
- Known questioned costs which are greater than \$25,000 for a federal program that is not audited as a major program.
- Circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion.
- Known or likely fraud affecting a federal award.
- Instances where the results of audit follow-up procedures disclosed that the Summary Schedule of Prior Year Findings prepared by the MDE materially misrepresents the status of any prior year audit finding.

Deficiencies that were not considered significant enough to be communicated as significant deficiencies and noncompliance that is less than \$25,000 shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal control over compliance.

Upon receipt of the final audit reports the OSA will:

- Review the reports.
- Approve or reject the reports
- Approve or reject final payment for services rendered.

Upon completion of the audit services, the required reports should be submitted to the OSA's authorized representatives in accordance with the contractual provisions. All final documentation of services shall be submitted no later than the date specified.

MDE's Authorized Representatives:

- Brad Feaster, CPA, CIA
Director of Internal Audit
Mississippi Department of Education
359 North West Street, Suite #308
Jackson MS 39201
Post Office Box 771
Jackson MS 39205-0771

State Auditor's Authorized Representatives:

The State Auditor has empowered the following to act as his duly authorized representative:

- Stephanie Palmertree, CPA, CGMA
State Auditor's Office
501 North West Street
801 Woolfolk Building
Jackson, MS 39201

Legal Compliance Provision:

Any preliminary findings of possible fraud, misapplication or misappropriation of funds shall be promptly reported in writing to the MDE's and OSA's authorized representative. Notwithstanding anything herein to the contrary, nothing shall prevent the Firm from reporting such findings to the appropriate persons in accordance with professional standards.

If the Firm is required to give advice, testimony or other such activity not within the scope of rendering, confirming or justifying a report of audit services rendered, such arrangements shall be set forth in a separate arrangement letter.