

MINNESOTA STATE COLLEGES AND UNIVERSITIES

System Office

REQUEST FOR PROPOSAL (RFP) FOR EXTERNAL AUDITING SERVICES

SPECIAL NOTE: This Request for Proposal (RFP) does not obligate the Minnesota State Colleges and Universities system, its Board of Trustees or System Office to award a contract or complete the proposed project and each reserves the right to cancel this RFP if it is considered to be in its best interest. Proposals must be clear and concise. Proposals that are difficult to follow or that do not conform to the RFP format or binding specifications may be rejected. Responding vendors must include the required information called for in this RFP. Minnesota State Colleges and Universities reserves the right to reject a proposal if required information is not provided or is not organized as directed. Minnesota State Colleges and Universities also reserves the right to change the evaluation criteria or any other provision in this RFP by posting notice of the change(s) on the Office of Internal Auditing website, www.minnstate.edu/system/ia/. For this RFP, posting on the captioned website above constitutes written notification to each vendor. Vendors should check the site daily and are expected to review information on the site carefully before submitting a final proposal.

JANUARY 2017
REQUEST FOR PROPOSAL (RFP)
EXTERNAL AUDITING SERVICES FOR
MINNESOTA STATE COLLEGES AND UNIVERSITIES

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Section I. General Information

Background

Minnesota State Colleges and Universities, or Minnesota State, is the largest provider of higher education in Minnesota and the 5th largest higher education systems in the nation. Created by the legislature in 1995, Minnesota State is comprised of 30 community and technical colleges and 7 state universities with 54 campuses in 47 communities. Minnesota State serves nearly 400,000 students each year. Minnesota State is governed by a Board of Trustees comprised of 15 members appointed by the governor and confirmed by the senate. For more information, visit <http://www.minnstate.edu>.

Under Board Policy 1A.2 Board of Trustees, the audit committee has the responsibility to oversee the process for selecting independent auditors. The audit committee authorized the Executive Director of Internal Auditing and the Vice Chancellor – Chief Financial Officer to initiate a competitive bidding process to acquire external auditing services. The Board of Trustees retain ultimate authority for selecting the independent auditors.

Nature of RFP

Minnesota State's System Office is requesting proposals to provide independent external auditing services. This RFP is undertaken pursuant to the authority contained in provisions of Minnesota Statutes §136F.581 and other applicable laws.

Accordingly, the System Office shall select the vendor whose proposal and oral presentation, if requested, demonstrates in the System Office's sole opinion, the clear capability to best fulfill the purposes of this RFP in a cost effective manner. The System Office reserves the right to accept or reject proposals, in whole or in part, and to negotiate separately as necessary in order to serve the best interests of Minnesota State. This RFP shall not obligate the System Office to award a contract or complete the proposed project and it reserves the right to cancel this RFP if it is considered to be in its best interest.

Project Overview

This request for proposals seeks to acquire external auditing services from an independent accounting firm duly licensed to practice in the State of Minnesota, pursuant to Minn. Stat. Section 326A.05, or a similarly qualified government agency.

Proposals are being sought from parties interested in providing external auditing services for Minnesota State for four financial statements audits for three fiscal years 2017, 2018 and 2019 (project components A, B, C, and D below) with the possible addition of one or two individual university financial statements audits (project component E). Additional requested services include A-133 compliance audits of federal student financial aid for three fiscal years 2017,

2018 and 2019 (project component F), completion of NCAA Agreed Upon Procedures at six universities for fiscal year 2018 (project component G), and individual college and university Perkins Loans Closeout Audits as needed (project component H).

Minnesota State reserves the right to extend external auditing services up to the additional three fiscal years of 2020, 2021 and 2022, as necessary in order to serve the best interests of the Minnesota State. Specifically, the following services are being sought:

Project Components:

- A. Systemwide Financial Statement Audit:** To conduct an annual audit in compliance with generally accepted government auditing standards and render an independent audit opinion on the general purpose systemwide financial statements for Minnesota State.

The system presents its financial statements according to the business-type activity model allowed under GASB Statement No. 35. The systemwide financial statements are required to be submitted to Minnesota Management and Budget for inclusion in the State of Minnesota's Comprehensive Annual Financial Report.

The systemwide financial statements have been audited annually since fiscal year 2001 and have had unqualified/unmodified audit opinions each year. For fiscal year 2016, the system had total assets and deferred outflows of \$3.3 billion, a total net position of nearly \$1.7 billion, and operating expenses of \$1.9 billion.

Timeline: Completion date of the audit is by the November Board of Trustee's meeting each year, or as agreed to by all parties.

Audited financial statements from prior years are available on-line at www.minnstate.edu/system/finance/accounting/financialstatements .

- B. Revenue Fund Financial Statement Audit:** To conduct an annual audit in compliance with generally accepted government auditing standards and render an independent audit opinion on the financial statements of the Minnesota State Revenue Fund, as required by the applicable bond covenants.

This fund sells revenue bonds to construct residence halls, student unions, wellness centers, parking ramps, and other revenue producing and related facilities at participating colleges and universities. As required by its bond covenants, audited financial statements must be made available to bondholders. The fiscal year 2016 Revenue Fund financial statements show \$578 million in total assets and deferred outflows and \$119 million in operating revenues.

Timeline: Completion date of the audit is by the November Board of Trustee’s meeting each year, or as agreed to by all parties.

Audited financial statements from prior years are available on-line at www.minnstate.edu/system/finance/accounting/financialstatements .

- C. Itasca Community College Student Housing Funds, Itasca Hall and Wenger Hall (ICCSH) Financial Statement Audit:** An annual independent audit is required by trust agreements between US Bank, Itasca County Housing and Redevelopment Authority, and Itasca Community College Revenue Bonds Series 2013. ICCSH is an enterprise fund of Itasca Community College established to provide housing for college students in the Grand Rapids, Minnesota area.

The fiscal year 2016 Itasca Community College Student Housing financial statements show \$3.5 million in total assets and \$495 thousand in operating revenues.

Timeline: Completion date of the audit is no later than October 1 following the end of each fiscal year or as agreed to by Itasca Community College, Minnesota State Office of Internal Auditing and Finance Division.

Audited financial statements from prior years are available on-line at www.internalauditing.mnscu.edu/RFP/.

- D. KVSC Radio 88.1 FM (St. Cloud State University Enterprise Fund) Financial Statement Audit:** An annual fiscal year audit must be completed to satisfy Corporation for Public Broadcasting regulations and grant requirements. KVSC is an educational public radio station licensed by St. Cloud State University.

The fiscal year 2016 St. Cloud State University Radio Station financial statements show \$250 thousand in total assets and deferred outflows, and \$122 thousand in operating revenues.

Timeline: Completion date of the audit is no later than January 31 following the end of each fiscal year or as agreed to by St. Cloud State University, Minnesota State Office of Internal Auditing and Finance Division.

Audited financial statements from prior years are available on-line at www.internalauditing.mnscu.edu/RFP/.

- E. University Financial Statement Audits:** An annual audit in compliance with generally accepted auditing standards to render an independent audit opinion on the general purpose financial statements for St. Cloud State University and Winona State University.

The financial statements for these two universities have been audited annually since fiscal year 2002 and have received unqualified/unmodified audit opinions each year. Table 1 contains summary financial information for fiscal year 2016.

Also, include pricing parameters if additional college or university audits are requested. The Minnesota State System Office reserves the right to accept or reject proposals, in whole or in part.

Timeline: Completion date of the audits is no later than November 1 following the end of each fiscal year or as agreed to by the external auditor of the systemwide statements, Minnesota State Office of Internal Auditing and Finance Division.

Audited financial statements from prior years for the state universities listed above are available on-line at www.finance.mnscu.edu/accounting/financialstatements/ .

Table 1
Minnesota State
with Separate Financial Statement Audits (\$ in thousands)
For Fiscal Year 2016

Institution	Total Assets and Deferred Outflows	% of System Assets and Deferred Outflows	Total Operating Expenses	% of System Expenses
St. Cloud State University	336,604	10.2%	193,208	10.3%
Winona State University	258,983	7.8%	139,730	7.5%
All other Minnesota State Institutions	2,717,747	82.0%	1,542,002	82.2%
GAAP Total	3,313,334		1,874,940	

Source: Minnesota State Annual Financial Report, Fiscal Year 2016.

F. Federal Student Financial Aid Audit: To satisfy the annual audit requirements established by the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement for major federal financial assistance programs administered by Minnesota State and provide the required reports on internal control and compliance required by federal regulations. Table 2 provides a summary of expenditures within the student financial aid cluster during fiscal year 2015.

The external auditor is responsible for auditing major federal programs as part of the state’s annual single audit. The Minnesota Office of the Legislative Auditor retains responsibility for the state’s single audit and determining what federal programs are considered major to Minnesota State. Accordingly, the Minnesota State external auditor must submit single audit results to the Legislative Auditor and allow the Legislative Auditor to review supporting working papers to facilitate timely completion of the state’s single audit. The major federal programs administered by Minnesota State in fiscal year 2015 are shown in Table 2.

Timeline: Completion date of the audits is by January 31 following the end of each fiscal year.

Table 2
Major Federal Programs Administered by Minnesota State
Student Financial Aid Cluster
For Fiscal Year 2015

CFDA	Major Program Title	\$ Amount (in 000’s)
84.007	Federal Supplemental Educational Opportunity Grants	6,636
84.033	Federal Work Study	6,052
84.038	Perkins Loans (ending loan balance at 6/30/15)	29,394
84.063	Pell Grants	263,967
84.268	Federal Direct Student Loans <ul style="list-style-type: none"> • Direct Federal Subsidized Stafford Loans • Direct Federal Unsubsidized Stafford Loans • Direct Federal Graduate PLUS • Federal Parent Loans for Undergraduate Students 	622,273
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	811
93.364	Nursing Student Loans (ending loan balance at 6/30/15)	26

Source: the Minnesota State Financial Reporting Unit.

G. NCAA Agreed Upon Procedures at Six State Universities: To perform agreed upon procedures at six state universities for fiscal year 2018 as set forth in Section 6.2.3.1 of the National Collegiate Athletic Association (NCAA) Constitution. Section 6.2.3.1 stipulates at least once every three years, all expenses and revenues for or on behalf of a Division II member institution's intercollegiate athletics programs, including those by any affiliated or outside organization, agency or group of individuals (two or more), shall be subject to agreed-on procedures approved by the Division II membership conducted for the institution by a qualified independent accountant. The NCAA Agreed-Upon Procedures are updated annually and authorize the administration with the discretion to request additional procedures. The most recent version of the NCAA Agreed-Upon Procedures, dated April 20, 2016, is available online at: www.internalauditing.mnscu.edu/RFP/.

The following six state universities with intercollegiate athletics have been classified as Division II institutions by the NCAA:

- Bemidji State University
- Minnesota State University, Mankato
- Minnesota State University Moorhead
- Southwest Minnesota State University
- St. Cloud State University
- Winona State University

H. Perkins Closeout Audits: The federal government requires independent auditors to perform specific agreed upon procedures whenever a college or university elects to liquidate and close out its Perkins Loan program. A school's Fund and portfolio cannot be considered liquidated until the Fund and portfolio information have been reviewed and substantiated by an independent auditor.

Please indicate your willingness to do Perkins Loans close out agreed upon procedures and provide a price structure for conducting them. Colleges and universities may elect to use the terms of this proposal to initiate a work order with the Responder.

The most recent version of the Federal Perkins Loan Program Assignment and Liquidation Guide, dated December 20, 2016, is available online at:
www.internalauditing.mnscu.edu/RFP/.

Proposals

Proposals may be submitted for the following three project component groupings with the understanding that the System Office may accept any one of the three:

1. All project components A through G described above.
2. All projects, excluding the two individual university financial statement audits described in project component E above.
3. All components excluding one of the two individual university financial statement audits described in project component E above.

Also, please indicate your willingness to do Perkins Loans close out agreed upon procedures described in project component H in Section I above and provide a price structure for conducting them.

The three project component groupings are more completely described in Section III Vendor Requirements. Respondents interested in alternative packages should inquire.

Respondents to the systemwide financial statement audit must incorporate into their proposals audit steps for obtaining audit coverage at colleges and universities without standalone financial statement audits.

Auditors of the two state universities shall use their own professional judgment in designing and applying audit procedures in order to support their independent audit opinions on the individual university financial statements. Individual auditors must agree to provide the systemwide financial statement external auditor with access to their supporting working papers and underlying conclusions to assist with rendering an opinion on the Minnesota State systemwide financial statements.

Individual university auditors may access the workpapers of the external auditor conducting the systemwide financial statement audit and the Office of the Legislative Auditors for assurances intended to support individual university audits.

This request for proposal does not obligate the Minnesota State to complete the proposed project and Minnesota State reserves the right to cancel the solicitation if it is considered to be in its best interest.

Responders may propose additional tasks or activities if they will substantially improve the results of the project. These items shall be separated from the required items on the cost proposal.

A second Request for Proposals is also being issued for internal auditing services. Responders may submit proposals for both RFPs, but firms can only be chosen for one body of work.

Sample Contract

Respondents should be aware of Minnesota State’s standard contract terms and conditions in preparing your response. Exhibit C contains a sample of the Minnesota State Professional/Technical Services Contract. Much of the language reflected in the contract is required by statute. If respondents take exception to any of the terms, conditions, or language in the contract, the proposal must indicate those exceptions; certain exceptions may result in a proposal being disqualified from further review and evaluation. Only those exceptions indicated included in proposals will be available for discussion or negotiation.

Reimbursements

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the contractor as a result of the contract will be in no greater amount than provided in the current "Commissioner’s Plan" promulgated by the commissioner of Employee Relations.

Reimbursements will not be made for travel and subsistence expenses incurred outside Minnesota unless it has received the State’s prior written approval for out of state travel.

Minnesota will be considered the home state for determining whether travel is out of state. *It is the System Office’s preference that these costs are built into the overall pricing rather than being submitted and reimbursed separately.*

Additional Background Information

Office of the Legislative Auditor

The Office of the Legislative Auditor serves as the group audit engagement partner with responsibilities for auditing the State of Minnesota’s annual financial statements. In that role, the Legislative Auditor examines significant account balances and classes of transactions derived from the state’s accounting system (SWIFT) and cash and investments maintained in the state treasury. The Legislative Auditor performs audit work on state treasury cash and general obligation debt for the state as a whole. It also provides individual financial statement audit opinions for each of the State’s retirement plans. The Legislative Auditor will make their workpapers available for review to external auditors. External auditors may rely on the work of the Legislative Auditor and other auditors, based on their professional judgement, and avoid any redundant tests.

See the next section entitled “Information Technology Audit Considerations” for information on the Legislative Auditor’s work on information technology systems.

The results of the Minnesota State audits will be reported to the Legislative Auditor, and included

in the State of Minnesota’s financial statements as a major propriety fund. External auditors must grant the Legislative Auditor access to their working papers, if requested.

Information Technology Audit Considerations

As the auditor of the group financial statements for the State of Minnesota, the Office of the Legislative Auditor provides primary audit coverage of the centralized information technology (IT) systems of state government. It assesses risks and conducts audit tests of general IT controls that are under the auspices of MN.IT Services. It also incorporates appropriate audit testing of computerized applications that have a major role in processing material financial transactions, including the statewide accounting system (SWIFT) and the statewide payroll system (SEMA4). Respondents may rely on the work of the Legislative Auditor in regards to centralized statewide IT systems based on their professional judgement.

Respondents to the systemwide financial statement audit must incorporate into their proposals audit steps necessary to satisfy generally accepted government auditing standards in regards to Minnesota State’s IT general controls, selected Minnesota State application controls, and processes that interface or upload data from Minnesota State information systems to State of Minnesota information systems. The proposal should describe the approach planned for obtaining coverage related to Minnesota State’s IT general controls. In addition, the proposal must identify any other firms or subcontractors that the respondent would plan to use for assistance with IT related audit work. Respondents to other services are encouraged to rely on the work of the systemwide financial statement external auditor, and avoid any redundant work.

Minnesota State Information Technology Services (ITS) division is responsible for administering general IT controls for enterprise wide computer applications. ITS employs a professional staff of IT security experts, systems administrators, database administrators, programmers, system architects, and help desk specialists to carry out its responsibilities.

The primary computer processing system that impacts accounting and financial reporting is Minnesota State’s Integrated Statewide Records System (ISRS). The different modules within the system utilize the same tables and data to reduce data redundancy and increase data integrity. The modules are generally grouped under two main headings as shown in Table 3.

Minnesota State Office of Internal Auditing is available to assist with planning IT audit coverage and extracting data needed for audit testing purposes.

Table 3: Minnesota State Integrated Statewide Records System Modules

Student Module Components	Finance Module Components
Curriculum	Accounting
Term Course	Accounts Payable
Prospect	Accounts Receivable

Student Module Components
Applicant
Admission
Communication
Registration
Academic Record
Graduation Application Tracking
Contract/Non-credit Instruction
Financial Aid
Student Housing
Career Services/Graduate Follow-up
Disability Services
Duplicate Resolution

Finance Module Components
Accrual module (<i>financial Reporting</i>)
Budget
Consumable Inventory
Cost Allocation
Equipment
eTimesheet
Facilities
Human Resources (SCUPPS)
Purchasing Control System
Student Payroll

Audits of Affiliated Foundations

Individual Minnesota State Colleges and universities are affiliated with non-profit foundations that are separate legal entities registered under Section 501(c)(3) of the Internal Revenue code. Board policy requires that certain foundations obtain annual financial statement audits. Those audits are acquired directly by each foundations’ board of directors and are not part of this request for proposals. Financial statements from all seven university foundations are included in the Minnesota State Colleges and Universities Annual Financial Report pursuant to GASB Statement 39. The significance of foundations affiliated with the two-year colleges will be reevaluated annually to determine whether inclusion in the Minnesota State Annual Financial Report is warranted. Affiliated foundations will continue to contract for external auditing services separately from Minnesota State.

Coordination of Efforts

To coordinate the efforts of external auditors, the Office of the Legislative Auditor, internal auditors, and Minnesota State financial reporting, the Office of Internal Auditing facilitates a conference call, lasting no more than one hour, each Monday from mid-August to mid-November. A representative of each audit firm is expected to participate in the weekly conference calls.

Board of Trustees Audit Committee

The Minnesota State Colleges and Universities Board of Trustees will have final authority for appointing external auditors for the system and each of its colleges and universities. The board is expected to appoint external auditors for the services described herein at its meeting in March 2017. The board’s audit committee will meet prior to the full board meeting, to complete the selection process and develop a recommendation for the full board. External

auditors may be expected to meet with the committee or the committee chair at the start of each audit, during the course of the audit (as deemed necessary by the auditor or requested by the committee chair), and present audit results to the audit committee annually. Based on recommendations from the audit committee, the Board of Trustees is responsible for authorizing the release of the audit. Also, pursuant to Board Policy 1A.2, Part 5, Subpart E2, the Board of Trustees “must approve in advance any non-audit services to be provided by independent auditors under contract for audit services unless the scope of non-audit services is completely distinct from the scope of the audit engagement.”

Internal Auditing Services

Minnesota State has an Office of Internal Auditing whose Executive Director reports directly to the Board of Trustees. Internal audit staff is available to provide limited assistance to the external auditor, upon request.

Minnesota State Accounting, State Treasury & Financial Reporting Systems

All financial transactions are recorded in the Minnesota State accounting system. This system records all transactions on a budgetary basis by fund. The Minnesota State accounting system interfaces with the Statewide Integrated Financial Tools (SWIFT). The Minnesota State accounting system has an extensive chart of accounts that allows activity to be tracked by Minnesota State fund and SWIFT appropriations and funds.

The General Fund and other special appropriated funds, as well as federal, state and private grant funds are interfaced with SWIFT. This interface provides the state the needed information to sweep the related cash receipts from the local bank accounts maintained by each college and university. State warrants are issued for vendor payments. Payroll and employee business expenses are entered directly in the State’s payroll system (SEMA4) and interfaced back to the Minnesota State accounting system. In fiscal year 2016, salaries and benefits accounted for about 68 percent of the operating expenses.

Each college and university of Minnesota State also has at least one local bank account. These local accounts serve as the primary depository for revenues collected by colleges and universities, other than state appropriations. Most of these revenues are swept into the state treasury within a few days of being deposited and spent from the state treasury rather than the local accounts. Spending from the local accounts is limited to auxiliary activities such as the food service and bookstore, student activities, and financial aid payments to students. Local bank account activity is not included in SWIFT. Each institution is responsible for reconciling its bank accounts and reconciling Minnesota State records to SWIFT.

Minnesota State is currently in the planning stage of replacing the current ERP system. Tentatively, the work is expected to begin in fiscal year 2019 and be completed in fiscal year 2021. Minnesota State does not expect that the transition will significantly impact the work of this three year contract.

The Minnesota State Defined Contribution Pension Fund is also part of the financial reporting entity. As of June 30, 2016, the fund had net assets of \$1.7 billion. TIAA is the administrative services agent for the fund.

Minnesota State Colleges and Universities Finance Division – Financial Reporting Unit

Minnesota State Finance Division reports to the Vice Chancellor – Chief Finance Officer and is part of the system office, located in St. Paul. The division’s financial reporting unit prepares the systemwide financial statements, the Revenue fund financial statements the supplemental report and the A-133 compliance expense schedule and assists the two universities with preparing their financial statements. It also works with the colleges and universities to resolve financial reporting issues and improve the reliability and integrity of the financial information.

The financial reporting unit accumulates data and prepares several of the more complex schedules centrally for all colleges and universities. The unit also works very closely with all of the colleges and universities during the process and is responsible for making the majority of the accrual adjusting entries needed for proper presentation of the financial statements. The financial reporting unit will provide training to representatives of the successful bidder(s) on use of the Minnesota State accounting system and the financial reporting system if needed.

College and University Business Offices

The business offices at individual colleges and universities record accounting transactions in the Minnesota State accounting system and maintain supporting documentation for detailed transactions.

Each college and university has documented internal controls for major transaction cycles. Documentation includes control procedures and risk assessments for transactions and activities material to the financial statements.

The two universities cited in this Request for Proposal have primary responsibilities for preparing its annual financial report.

College and University Financial Aid Offices

As shown in Table 3, Minnesota State’s integrated statewide record system has a module for processing student financial aid transactions. The financial aid offices at Minnesota State

Colleges and Universities institutions maintain supporting documentation on student eligibility and awards.

Section II. Parties to the RFP

Questions should be directed to the following person:

Dave Pyland, Executive Director of Internal Auditing
Telephone: 651-201-1799
e-mail: dave.pyland@so.mnscu.edu

Other personnel are NOT allowed to discuss the request for proposal with anyone, including responders, before the proposal submission deadline.

All substantive responses to vendor queries will be made available to all vendors and prospective vendors by posting on the RFP website with the name of the party submitting the question. Note that both questions and answers will be posted on the RFP website and anonymous questions will not be answered. Questions must include the name of the questioner, as well as a phone number and e-mail address for confirmation.

For purposes of this RFP, posting on this website constitutes written notification to all vendors and prospective vendors. Vendors are expected to check the website at www.internalauditing.mnscu.edu/RFP/.

Section III. Vendor Requirements

The following is considered minimum contents of the proposal:

- A. A restatement of the objectives, goals, and tasks to show or demonstrate the Responder's view of the nature of the project.
- B. Identification and description of the deliverables to be provided by the Responder. Deliverables must include a management letter.
- C. An outline of the Responder's background and experience with particular emphasis on higher education or governmental work. Identification of personnel to conduct the project, with details on training and work experience. No change in key managerial or supervisory personnel assigned to the project will be permitted without the approval of the Minnesota State Executive Director of Internal Auditing or Vice Chancellor – Chief Financial Officer.
- D. A detailed cost and work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing.

- E. Responders may submit price quotations for the following three packages of components:
- Grouping 1 (Components A through G)
 - Systemwide Financial Statement Audit (Fiscal Year 2017, 2018, 2019)
 - Revenue Fund Financial Statement Audit (Fiscal Year 2017, 2018, 2019)
 - Itasca Community College Student Housing Funds, Itasca Hall and Wenger Hall (ICCSH) Financial Statement Audit (Fiscal Year 2017, 2018, 2019)
 - KVSC Radio 88.1 FM (St. Cloud State University Enterprise Fund) Financial Statement Audit (Fiscal Year 2017, 2018, 2019)
 - Financial Statement Audits of St. Cloud State University (Fiscal Year 2017, 2018, 2019)
 - Financial Statement Audit of Winona State University (Fiscal Year 2017, 2018, 2019)
 - NCAA Agreed Upon Procedures at Six State Universities (Fiscal Year 2018)
 - Grouping 2
 - All component described in Grouping 1 excluding the two individual university financial statement audits of St. Cloud State University and Winona State University.
 - Grouping 3
 - All component described in Grouping 1 excluding one of the two individual university financial statement audits.

Although not required, also please indicate your willingness to do Perkins Loans close out agreed upon procedures and provide a price structure for conducting them.

For all price quotations, separate prices for each of the components must be displayed for information purposes. Price quotations also should clearly indicate whether it includes travel and subsistence expenses or those expenses will be billed separately. It is the System Office's preference that these costs be built into the overall pricing rather than being submitted and reimbursed separately.

- F. Evidence of successful completion of an external quality assurance review as required by the Minnesota State Board of Accountancy.
- G. Identification of the level of intended reliance on the work of other external auditors and the Office of the Legislative Auditor.
- H. All responding vendors are required to complete Exhibit A, the Affidavit of Non-Collusion, and submit it with the response.
- I. Responder must provide a list of all services performed for Minnesota State entities or affiliated organizations in the past year. The list should indicate the name of the entity, the relationship, and dates of service.
- J. For all contracts estimated to be in excess of \$100,000, all responding vendors are required to complete Exhibit B, the Human Rights Certification Information and Affirmative Action

Data Page, and submit it with the response. As required by Minnesota Rule 5000.3600, "It is hereby agreed between the parties that Minnesota Statutes §363A.36 and Minnesota Rule 5000.3600 are incorporated into any contract between these parties based upon this specification or any modification of it. Copies of Minnesota Statutes §363A.36 and Minnesota Rules 5000.3400 - 5000.3600 are available at the Minnesota Office of the Reviser of Statutes website. Failure to comply shall be grounds for rejection.

- K. All materials submitted in response to this RFP will become property of Minnesota State and will become public record after the evaluation process is completed and an award decision made. See the section of this RFP related to Minnesota Government Data Practices Act for information about information the Responder believes to be trade secret materials.

Minnesota State will not consider the prices submitted to Responder to be proprietary or trade secret materials.

Responses to this RFP are available for public review after the Minnesota State awards a contract.

Section IV. Proposal Evaluation

All proposals received by the deadline will be evaluated by representatives of Minnesota State. In some instances, an interview may be part of the evaluation process. Factors on which proposals will be judged include, but are not limited to, the following:

- A. Qualifications of both firm and its personnel. Experience of personnel who are committed to work on the contract will be given greater weight than that of the firm.
- B. Expressed understanding of proposal objectives.
- C. Work plan. Particular emphasis will be given to the ability and willingness to use the work of internal auditors, external auditors of individual institutions, if applicable, and the Legislative Auditor to achieve efficiencies.
- D. Cost detail.

In accordance with Minnesota Rules 1230.1810, subpart B and Minnesota Rules 1230.1830, certified Targeted Group Businesses or individuals submitting proposals as prime contractors will receive up to six percent preference in the evaluation of their proposals. For information regarding certification, contact the Department of Administration, Materials Management Helpline at 651-296-2600, TTY 651-282-5799.

It is expected that the audit committee will complete the final evaluation of proposals and present its recommendations for the appointment of external auditors to the Board of Trustees in March 2017.

Section V. Additional RFP Response and General Contract Requirements

Affidavit of Non-Collusion

All responding vendors are required to complete Exhibit A, the Affidavit of Non-Collusion, and submit it with the response.

Human Rights Requirements

For all contracts estimated to be in excess of \$100,000, all responding vendors are required to complete Exhibit B, the Human Rights Certification Information and Affirmative Action Data Page, and submit it with the response. As required by Minnesota Rule 5000.3600, "It is hereby agreed between the parties that Minnesota Statutes §363A.36 and Minnesota Rule 5000.3600 are incorporated into any contract between these parties based upon this specification or any modification of it. Copies of Minnesota Statutes §363A.36 and Minnesota Rules 5000.3400 - 5000.3600 are available from the Minnesota Bookstore, 680 Olive Street, St. Paul, MN 55155. All responding vendors shall comply with the applicable provisions of the Minnesota Affirmative Action law, Minnesota Statutes §363.A36. Failure to comply shall be grounds for rejection.

Preference to Targeted Group and Economically Disadvantaged Business and Individuals.

In accordance with Minnesota Rules, part 1230.1810, subpart B and Minnesota Rules, part 1230.1830, certified Targeted Group Businesses and individuals submitting proposals as prime contractors shall receive the equivalent of a six percent preference in the evaluation of their proposal, and certified Economically Disadvantaged Businesses and individuals submitting proposals as prime contractors shall receive the equivalent of a six percent preference in the evaluation of their proposal. For information regarding certification, contact the Materials Management Helpline at 651.296.2600, or you may reach the Helpline by e-mail at mmd.help.line@state.mn.us. For TTY/TDD communications, contact the Helpline through the Minnesota Relay Services at 1.800.627.3529.

State Audit

The books, records, documents and accounting practices and procedures of the vendor relevant to the contract(s) must be available for audit purposes to Minnesota State and the Legislative Auditor's Office for six (6) years after the termination/expiration of the contract.

Minnesota Government Data Practices Act

The vendor must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota State, its schools and the Office of the Chancellor in accordance with the contract and as it applies to all data created, gathered, generated or acquired in accordance with the contract. All materials submitted in response to this RFP will become property of the State of Minnesota and will become public

record after the evaluation process is completed and an award decision made. If the vendor submits information in response to this RFP that it believes to be trade secret materials as defined by the Minnesota Government Data Practices Act, the vendor must:

- mark clearly all trade secret materials in its response at the time the response is submitted;
- include a statement with its response justifying the trade secret designation for each item;
- defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless the State of Minnesota, Minnesota State, its agents and employees, from any judgments or damages awarded against the State or Minnesota State in favor of the party requesting the materials, and any and all costs connected with that defense. This indemnification survives Minnesota State's award of a contract. In submitting a response to this RFP, the responder agrees this indemnification survives as long as the trade secret materials are in possession of Minnesota State.

Conflict of Interest

The vendor must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that it is contemplated in this Request for Proposal. The list should indicate the names of the entity, the relationship, and a discussion of the conflict. Board Policy 1A.2, Part 5, Subpart E2, stipulates that the Board of Trustees “must approve in advance any non-audit services to be provided by independent auditors under contract for audit services unless the scope of non-audit services is completely distinct from the scope of the audit engagement.”

Physical and Data Security

The vendor is required to recognize that on the performance of the contract the vendor will become a holder of and have access to private data on individuals and nonpublic data as defined in the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, section 270B.02, subdivision 1, and other applicable laws.

In performance of the contract, the vendor agrees it will comply with all applicable state, federal and local laws and regulations, including but not limited to the laws under Minnesota Statutes Chapters 270B and 13 relating to confidentiality of information received as a result of the contract. The vendor agrees that it, its officers, employees and agents will be bound by the above confidentiality laws and that it will establish procedures for safeguarding the information.

The vendor agrees to notify its officers, employees and agents of the requirements of confidentiality and of the possible penalties imposed by violation of these laws. The vendor

agrees that neither it, nor its officers, employees or agents will disclose or make public any information received by the vendor on behalf of Minnesota State Colleges and Universities and Minnesota State System Office.

The vendor shall recognize Minnesota State's sole and exclusive right to control the use of this information. The vendor further agrees it shall make no use of any of the described information, for either internal or external purposes, other than that which is directly related to the performance of the contract.

The vendor agrees to indemnify and hold harmless the State of Minnesota, Minnesota State Colleges and Universities and Minnesota State System Office from any and all liabilities and claims resulting from the unauthorized disclosure by the vendor, its officers, employees or agents of any information required to be held confidential under the provisions of the contract. The vendor must return all source data to the "Authorized Representative" to be identified in the contract.

Section VI. RFP Responses

- A. This document, including attachments, constitutes a formal Request for Proposal (RFP) and is a competitive procurement. Therefore, the vendor shall carefully follow the instructions herein in order to be considered fully responsive to the RFP. Minnesota State reserves the right to reject a proposal that is determined to be incomplete or which does not follow the required structure and format. However, when such statements are innocent or inadvertent in the opinion of Minnesota State, Minnesota State further reserves the right to waive them as informalities.
- B. Vendor's response to this Request for Proposal (RFP) must be received at the following address no later than **4 PM on Thursday, February 23, 2017**, as indicated by the date and time stamp on each response package by the Minnesota State mail room, if packages are delivered by U.S. Mail, or by the Minnesota State 3rd floor receptionist if packages are hand-delivered or delivered by courier.

All proposals must be sent to and received by:

Dave Pyland, Executive Director
Minnesota State Office of Internal Auditing
30 East 7th Street, Suite 350
St. Paul, Minnesota 55101-4946

Late proposals will not be considered. Responses received after the time set for opening will be returned to the vendor unopened. Fax and e-mail responses will not be considered.

Submit six copies of the proposal. Proposals are to be sealed in mailing envelopes or packages with the responder's name and address clearly written on the outside. Each copy of the proposal must be signed in ink by an authorized member of the company/firm. Proof of authority of the person signing shall be furnished upon request. Prices and terms of the proposal as stated must be valid for the length of any resulting contract.

- C. All cost incurred in responding to this RFP will be borne by the responder. Proposals submitted in response to this solicitation are irrevocable for 180 days following the closing date. This period may be extended by written mutual agreement between the responder and the Minnesota State Colleges and Universities.
- D. Proposals made in pencil shall be rejected. Alterations in cost figures used to determine the lowest priced proposal shall be rejected unless initialed in ink by the person responsible for or authorized to make decisions as to the price quoted. Proof of authorization shall be provided upon request. The use of “white out” is considered an alteration.
- E. Notwithstanding anything to the contrary Minnesota State reserves it's right to:
 - 1) Reject any and all proposals received in response to this RFP.
 - 2) Select, for contract negotiation, a proposal other than the one with the lowest cost.
 - 3) Waive or modify any informalities, irregularities, or inconsistencies in proposals received and/or accept a late written modification requested by Minnesota State if the proposal itself was submitted on time and if the modified proposal is more favorable to the Minnesota State Colleges and Universities.
 - 4) Negotiate any aspect of the proposal with any vendor.
 - 5) Terminate negotiations and select the next most responsive vendor, prepare and release a new RFP, or take such action as deemed appropriate if negotiations fail to result in an agreement.
- F. Selection Timeline:

Monday, January 30, 2017	Publish RFP notice in <i>State Register</i>
Thursday, February 23, 2017 4:00 p.m. CT	Deadline for RFP proposal submissions
Monday-Thursday, Feb. 27-March 2, 2017	Interviews with firms if needed
Tuesday-Wednesday, March 21 - 22, 2017	Audit Committee completes final evaluation & Board of Trustees makes selection

**STATE OF MINNESOTA
AFFIDAVIT OF NON-COLLUSION**

I swear (or affirm) under the penalty of perjury:

1. That I am the Responder (if the Responder is an individual), a partner in the company (if the Responder is a partnership), or an officer or employee of the responding corporation having authority to sign on its behalf (if the Responder is a corporation);
2. That the attached proposal submitted in response to the _____ Request for Proposal has been arrived at by the Responder independently and has been submitted without collusion with and without any agreement, understanding or planned common course of action with, any other Responder of materials, supplies, equipment or services described in the Request for Proposal, designed to limit fair and open competition;
3. That the contents of the proposal have not been communicated by the Responder or its employees or agents to any person not an employee or agent of the Responder and will not be communicated to any such persons prior to the official opening of the proposals; and
4. That I am fully informed regarding the accuracy of the statements made in this affidavit.

Responder's Firm Name: _____

Authorized Signature: _____

Date: _____

Subscribed and sworn to me this _____ day of _____

Notary Public: _____

My commission expires: _____

Exhibit B. Human Rights Certification Information and Affirmative Action Data Page

**NOTICE TO CONTRACTORS
AFFIRMATIVE ACTION
CERTIFICATION OF COMPLIANCE**

It is hereby agreed between the parties that Minnesota State Colleges and Universities will require that affirmative action requirements be met by contractors in relation to Minnesota Statutes §363A.36 and Minnesota Rules, 5000.3400 to 5000.3600. Failure by a contractor to implement an affirmative action plan or make a good faith effort shall result in revocation of its certificate or revocation of the contract (Minnesota Statutes §363A.36, subdivisions 3 and 4).

Under the Minnesota Human Rights Act, §363A.36, businesses or firms entering into a contract over \$100,000 which have more than forty (40) full-time employees within the state of Minnesota on a single working day during the previous twelve (12) months, or businesses or firms employing more than forty (40) full-time employees on a single working day during the previous twelve (12) months in a state in which its primary place of business is domiciled and that primary place of business is outside of the State of Minnesota but within the United States, must have submitted an affirmative action plan that was received by the Commissioner of Human Rights for approval prior to the date and time the responses are due. A contract over \$100,000 will not be executed unless the firm or business having more than forty (40) full-time employees, either within or outside the State of Minnesota, has received a certificate of compliance signifying it has an affirmative action plan approved by the Commissioner of Human Rights. The Certificate is valid for two (2) years. For additional information, contact the Department of Human Rights, Compliance Services Unit, 190 East 5th Street, Suite 700, St. Paul, Minnesota 55101.

AFFIRMATIVE ACTION DATA PAGE – FOR RESPONSES IN EXCESS OF \$100,000 ONLY

If a response to this solicitation is in excess of \$100,000, complete the information below to determine whether the business or firm is subject to the Minnesota Human Rights Act (Minnesota Statutes §363A.36) certification requirement and to provide documentation of compliance if necessary. *It is the sole responsibility of the business or firm to provide this information and, if required, to apply for Human Rights certification prior to the due date and time of the response and to obtain Human Rights certification prior to the execution of the contract.*

Effective July 1, 2003. The Minnesota Department of Human Rights is authorized to charge a \$75.00 fee for each Certificate of Compliance issued. A business or firm must submit its affirmative action plan along with a cashier's check or money order in the amount of \$75.00 to the Minnesota Department of Human Rights or you may contact the Department for additional information at the Compliance Services Unit, 190 East 5th Street, Suite 700, St. Paul, MN 55101.

How to determine which boxes to complete on this form:

	Then you must complete these boxes...			
	Box A	Box B	Box C	Box D
On any single working day within the previous 12 months, the company...				
employed more than 40 full-time employees in Minnesota.	•			•
did not employ more than 40 full-time employees in Minnesota but did employ more than 40 full-time employees in the state where the company is domiciled.		•		•
did not employ more than 40 full-time employees in Minnesota or the state where the company is domiciled.			•	•

Exhibit B. Human Rights Certification Information and Affirmative Action Data Page**BOX A – For a company which has employed more than 40 full-time employees within Minnesota on any single working day during the previous 12 months,**

Its response will be rejected unless the company:

has a current Certificate of Compliance issued by the Minnesota Department of Human Rights (MDHR)

-or-

has submitted an affirmative action plan to the MDHR, which the Department received prior to the date and time the responses are due.

Check one of the following statements if the company has employed more than 40 full-time employees in Minnesota on any single working day during the previous 12 months:

- We have a current Certificate of Compliance issued by the MDHR. Include a copy of your certificate with your response. **Proceed to BOX D.**
- We do not have a current Certificate of Compliance but we have submitted an affirmative action plan to the MDHR for approval which the Department received on _____(date) at _____(time). [If you do not know when the Department received your plan, contact the Department.] We acknowledge that the plan must be approved by the MDHR before any contract can be executed. **Proceed to BOX D.**
- We do not have a Certificate of Compliance and have not submitted an affirmative action plan to the MDHR. *We acknowledge our response will be rejected.* **Proceed to BOX D.**

Note: A Certificate of Compliance must be issued by the Minnesota Department of Human Rights.

Affirmative action plans approved by the federal government, a county or a municipality must still be reviewed and approved by the Minnesota Department of Human Rights before a certificate can be issued.

BOX B - For a company which has not had more than 40 full-time employees in Minnesota but has employed more than 40 full-time employees on any single working day during the previous 12 months in the state where its primary place of business is domiciled,

the company may achieve compliance with the Minnesota Human Rights Act by certifying it is in compliance with applicable federal affirmative action requirements.

Check one of the following statements if the company has not employed more than 40 full-time employees in Minnesota but has employed more than 40 full-time employees on any single working day during the previous 12 months in the state where its primary place of business is located:

- We are not subject to federal affirmative action requirements. **Proceed to BOX D.**
- We are subject to federal affirmative action requirements and are in compliance with those requirements. **Proceed to BOX D.**

Exhibit B. Human Rights Certification Information and Affirmative Action Data Page

BOX C – For a company not described in BOX A or BOX B,

The company is not subject to the Minnesota Human Rights Act certification requirement.

We have not employed more than 40 full-time employees on a single working day in Minnesota or in the state of our primary place of business within the previous 12 months. **Proceed to BOX D.**

BOX D – For all companies

By signing this statement, you certify the information provided is accurate and that you are authorized to sign on behalf of the responder.

Name of Company: _____

Authorized Signature: _____

Printed Name: _____

Title: _____

Date: _____ Telephone number: _____

For further information regarding Minnesota Human Rights Act requirements, contact:

Minnesota Department of Human Rights, Compliance Services Unit

Mail: 190 East 5th Street, Suite 700

St. Paul, MN 55101

Metro: 651.296.5663

Toll Free: 800.657.3704

Website: www.humanrights.state.mn.us

Fax: 651.296.9042

Email: employerinfo@therightsplace.net

TTY: 651.296.1283

Exhibit B. Human Rights Certification Information and Affirmative Action Data Page**MINNESOTA STATE COLLEGES AND UNIVERSITIES
NOTICE TO VENDORS****AFFIRMATIVE ACTION CERTIFICATION OF COMPLIANCE**

The amended Minnesota Human Rights Act (Minnesota Statutes §363A.36) divides the contract compliance program into two categories. Both categories apply to any contracts for goods or services in excess of \$100,000.

The first category applies to businesses that have had more than 40 full-time employees within Minnesota on a single working day during the previous 12 months. The businesses in this category must have submitted an affirmative action plan to the Commissioner of the Department of Human Rights prior to the due date and time of the response and must have received a Certificate of Compliance prior to execution of the contract or agreement.

The secondary category applies to businesses that have had more than 40 full-time employees on a single working day in the previous 12 months in the state in which its primary place of business is domiciled. The businesses in this category must certify to Minnesota State Colleges and Universities that it is in compliance with federal affirmative action requirements before execution of the contract. For further information, contact the Department of Human Rights, Compliance Services Unit, 190 East 5th Street, Suite 700, St. Paul, MN 55101; Voice: 651.296.5663; Toll Free: 800.657.3704; TTY: 651.296.1283.

Minnesota State Colleges and Universities is under no obligation to delay the award or the execution of a contract until a vendor has completed the Human Rights certification process. It is the sole responsibility of the vendor to apply for and obtain a Human Rights certificate prior to contract execution.

It is hereby agreed between the parties that Minnesota State Colleges and Universities will require affirmative action requirements be met by vendors in relation to Minnesota Statutes §363A.36 and Minnesota Rules, 5000.3400 to 5000.3600.

Under the Minnesota Human Rights Act, §363A.36, subdivision 1, no department or agency of the state shall execute an order in excess of \$100,000 with any business within the State of Minnesota having more than 40 full-time employees in a single working day during the previous 12 months unless the firm or business has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved the Commissioner of Human Rights. Receipt of a Certificate of Compliance issued by the Commissioner shall signify that a firm or business has an affirmative action plan approved by the Commissioner.

Failure by the vendor to implement an affirmative action plan or make a good faith effort shall result in revocation of its certificate or revocation of the order (Minnesota Statutes §363A.36, subdivisions 3 and 4). A certificate is valid for a period of two (2) years.

Exhibit B. Human Rights Certification Information and Affirmative Action Data Page

DISABLED INDIVIDUAL CLAUSE

A. A vendor shall not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The vendor agrees to take disabled individuals without discrimination based on their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection of training, including apprenticeship.

B. The vendor agrees to comply with the rules and relevant order of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

C. In the event of a vendor’s noncompliance with the requirements of this clause, actions for noncompliance may be taken by the Minnesota Department of Human Rights pursuant to the Minnesota Human Rights Act.

D. The vendor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Commissioner of the Minnesota Department of Human Rights. Such notices shall state the vendor obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment and the rights of applicants and employees.

E. The vendor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other order understanding, that the vendor is bound by the terms of Minnesota Statutes §363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled individuals.

It is hereby agreed between the parties that Minnesota Statutes §363A.36 and Minnesota Rules 5000.3400 to 5000.3600 are incorporated into any order of Minnesota Statutes §363A.36 and Minnesota Rules, 5000.3400 to 5000.3600 are available from Minnesota Bookstore, 660 Olive Street, St. Paul, Minnesota 55155.

By signing this statement the vendor certifies that the information provided is accurate.

NAME OF COMPANY: _____

AUTHORIZED SIGNATURE: _____

TITLE: _____

DATE: _____