MINNESOTA STATE COLLEGES AND UNIVERSITIES

SYSTEM OFFICE

REQUEST FOR PROPOSAL (RFP)
FOR
EXTERNAL AUDITING SERVICES
September 2022
REQUEST FOR PROPOSAL (RFP)
FOR EXTERNAL AUDITING SERVICES

Table of Contents
Notice .......................................................................................................................... 3
Definitions .................................................................................................................. 3
About Minnesota State ............................................................................................... 4
Authority .................................................................................................................... 5
Project Overview ....................................................................................................... 5
   Project Components .............................................................................................. 6
RFP Information Contact .......................................................................................... 9
Duration of Offer ....................................................................................................... 10
Minnesota State Terms and Conditions ................................................................... 10
Authorized Signature ............................................................................................... 10
Selection and Implementation Timeline .................................................................. 11
Contract Term ........................................................................................................... 11
Proposal Deadline .................................................................................................... 11
Format of Proposals and Submission ....................................................................... 12
Proposal Content ....................................................................................................... 12
Terms of Payment ..................................................................................................... 14
Required Documents and Forms ............................................................................. 14
Selection Process ...................................................................................................... 15
RFP Evaluation Factors ........................................................................................... 16
Additional Background Information ...................................................................... 16
Additional RFP Response and General Contract Requirements ......................... 21
Supplier Diversity .................................................................................................... 23
Preference to TG/ED/VO Small Businesses and Individuals ................................. 23
Notice

This Request for Proposal (RFP) does not obligate the Minnesota State Colleges and Universities system, its Board of Trustees or Minnesota State 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 reserves the right to reject a proposal if required information is not provided or is not organized as directed.

Minnesota State also reserves the right to waive minor informalities and reserves the right to:

1. Reject any and all proposals received in response to this RFP;
2. Select a proposal for contract negotiation other than the one with the lowest cost;
3. Negotiate any aspect of the proposal with any Vendor;
4. Terminate negotiations and select the next most responsive Vendor for contract negotiations;
5. Terminate negotiations and prepare and release a new RFP;
6. Terminate negotiations and take such action as deemed appropriate.

Any decision to cancel or reject any and all proposals is in Minnesota State’s sole discretion. Minnesota State 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 Vendors and Suppliers at Minnesota State page. Vendors should check the site daily for updates (e.g. amendments, responses to questions) and are expected to review information on the site carefully before submitting a final proposal. Such changes or updates above constitutes written notice to each Vendor.

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

Definitions

Wherever and whenever the following words or their pronouns occur in this proposal, they shall have the meaning given here:

Minnesota State: State of Minnesota, acting through its Board of Trustees of the Minnesota State Colleges and Universities on behalf of SYSTEM OFFICE.

System Office: The central system office of Minnesota State Colleges and Universities located at Wells Fargo Place, 30 7th Street East, Suite 350, St. Paul, Minnesota 55101.
GASB: Government Accounting Standards Board

Fiscal Years: For purposes of this RFP the references to fiscal years are as follows:
- Fiscal Year 2023: July 1, 2022 - June 30, 2023
- Fiscal Year 2024: July 1, 2023 - June 30, 2024
- Fiscal Year 2025: July 1, 2024 - June 30, 2025
And so on, for any contract extensions.

Supplier Diversity Program: Minnesota State created the Supplier Diversity program to foster partnerships with historically under-utilized businesses and ensure that diverse suppliers are given equal opportunities to provide goods and services system-wide.

Targeted Group Business (TGB): A business that is at least 51% owned and operated by a woman or racial minority.

Minority-Owned Business Enterprise (MBE): Independent business which is at least 51% owned and operated by one or more minority group member (citizen of the United States or permanent resident who is Black, Hispanic, Asian, or American Indian).

Women-Owned Business Enterprise (WBE): Independent business which is at least 51% owned and operated by one or more women.

Economically Disadvantaged (ED) Business and Individuals: Independent business which must be located (or the owner must reside) in an Economically Disadvantaged Area in Minnesota.

Veteran-Owned Business Enterprise (VO): Independent business which is at least 51% owned and operated by a veteran or service-disabled veteran as determined by the Minnesota Department of Veterans Affairs

### About Minnesota State

Minnesota State Colleges and Universities is the third-largest system of two-year colleges and four-year universities in the United States. Minnesota State is comprised of 26 community and technical colleges and seven universities with 54 campuses located in 47 Minnesota communities. Minnesota State serves approximately 300,000 students each year and employs more than 15,000 dedicated faculty and staff focused on student success. Minnesota State is an independent state entity that is governed by a 15-member Board of Trustees. For more information about the colleges and universities of Minnesota State, please view its website at [www.minnstate.edu](http://www.minnstate.edu)
Authority

This RFP is undertaken by Minnesota State (hereinafter “Minnesota State”) pursuant to the authority contained in provisions of Minnesota Statutes § 136F.581 and other applicable laws. Minnesota State will select the Vendor whose proposal, and oral presentation if requested, demonstrate in its sole opinion, the clear capability to best fulfill the purposes of this RFP in a cost-effective manner. Minnesota State reserves the right to accept or reject proposals, in whole or in part, and to negotiate separately as necessary to serve the best interests of Minnesota State. This RFP does not obligate Minnesota State 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

Minnesota State is requesting proposals to provide independent external auditing services.

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 Minnesota Statutes § 326A.05, or a similarly qualified government agency.

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 Chief Audit Officer 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.

Proposals are being sought from parties interested in providing external auditing services for Minnesota State for four financial statements audits for three fiscal years 2023, 2024 and 2025 (project components A, B, C, and D below). Additional requested services include Uniform Guidance compliance audits of major federal programs, including student financial aid for three fiscal years 2023, 2024 and 2025 (project component E), “Top 5’ IT Security Domains Control Assessment for fiscal year 2025 (project component F) completion of NCAA Agreed Upon Procedures at six universities for fiscal year 2024 (project component G), and individual college and university Perkins Loans Closeout audits as needed (project component H).

Minnesota State reserves the right to extend the contract for external auditing services up to an additional three years as necessary in order to serve the best interests of the Minnesota State.

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.

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 Annual Comprehensive Financial Report.

   The systemwide financial statements have had unqualified/unmodified audit opinions each year since fiscal year 2001. For fiscal year 2021, the system had total assets and deferred outflows of $3.4 billion, a total net position of $1.6 billion, and operating expenses of $2 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 2021 Revenue Fund financial statements show $520 million in total assets and deferred outflows and $82 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 2021 Itasca Community College Student Housing financial statements show $3.3 million in total assets and deferred outflows of resources and $361 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.

Prior year audited financial statements are available on-line on the [Vendors and Suppliers at Minnesota State page](#).

**D. KVSC Radio 88.1 FM (St. Cloud State University Enterprise Fund) Financial Statement Audit and Attestation:** 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 2021 St. Cloud State University Radio Station financial statements show $524 thousand in total assets and deferred outflows, and $87 thousand in operating revenues.

**Timeline:** Completion date of the audit is no later than January 15 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.

Prior year audited financial statements are available on-line on the [Vendors and Suppliers at Minnesota State page](#).

**E. Federal Student Financial Aid Audit and Federal Coronavirus Response and Relief Funding Audits:** To satisfy the annual audit requirements established by the U.S. Office of Management and Budget (OMB) Uniform Guidance 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 2020.

The external auditor is responsible for auditing major federal programs as part of the state’s annual single audit. The Minnesota Office of the State 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 State Auditor and allow the State 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 2020 are shown in Table 2.
Timeline: Completion date of the audits is by November 15 following the end of each fiscal year, unless a later date is agreed upon by Minnesota State.

<table>
<thead>
<tr>
<th>CFDA</th>
<th>Major Program Title</th>
<th>$ Amount (in 000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007</td>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>6,631</td>
</tr>
<tr>
<td>84.033</td>
<td>Federal Work Study</td>
<td>7,344</td>
</tr>
<tr>
<td>84.038</td>
<td>Federal Perkins Loan Program Federal Capital Contributions (2)</td>
<td>25,032</td>
</tr>
<tr>
<td>84.063</td>
<td>Federal Pell Grant Program</td>
<td>214,626</td>
</tr>
<tr>
<td>84.268</td>
<td>Federal Direct Student Loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Direct Federal Subsidized Stafford Loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Direct Federal Unsubsidized Stafford Loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Direct Federal Graduate PLUS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Federal Parent Loans for Undergraduate Students</td>
<td>407,312</td>
</tr>
<tr>
<td>84.379</td>
<td>Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)</td>
<td>408</td>
</tr>
<tr>
<td>93.364</td>
<td>Nursing Student Loans (2)</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: the Minnesota State Financial Reporting Unit.

F. Enterprise Systems Control Assessment of Top 5 Security Domains: Conduct an enterprise system’s assessment of system office’s controls and compliance to internally established goals defined in Minnesota State’s “Top 5” information technology security domains for fiscal year 2025.

Deliverable: closed session presentation to the Joint Audit Committee and Finance Committee in Fall 2025.

G. NCAA Agreed Upon Procedures at Six State Universities: To perform agreed upon procedures at six state universities for fiscal year 2024 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 March 10, 2022, is available on the Vendors and Suppliers at Minnesota State page.

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. Federal Perkins Loan Fund 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 college/university’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 the Vendor’s willingness to do Perkins Loan closeout 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 contracted Vendor.

The most recent version of the Federal Perkins Loan Program Assignment and Liquidation Guide, is available on the Vendors and Suppliers at Minnesota State page.

RFP Information Contact

An authorized representative of Minnesota State for purposes of responding to inquiries about the RFP is:

Name: Amy Jorgenson
Title: Chief Audit Officer
Address: 30 East 7th Street, Suite 350, St. Paul, MN 55101
Telephone: 651-201-1768
E-mail address: amy.jorgenson@minnstate.edu

Other persons are not authorized to discuss RFP requirements before the proposal submission deadline and Minnesota State shall not be bound by and vendors may not rely on information regarding RFP requirements obtained from non-authorized persons. Questions must include the
name of the questioner and his/her telephone number, fax number and/or e-mail address. Anonymous inquiries will not be answered.

All substantive responses to vendor queries will be made available to all vendors and prospective vendors by posting on the Vendors and Suppliers at Minnesota State page. 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.

**Duration of Offer**

All proposal responses must indicate they are valid for a minimum of one hundred eighty (180) calendar days from the date of the proposal opening unless extended by mutual written agreement between Minnesota State and the vendor.

Prices and terms of the proposal as stated in the proposal must be valid for the length of the resulting contract.

**Minnesota State Terms and Conditions**

This RFP includes and incorporates Terms and Conditions. Vendors should be aware of the terms and conditions in preparing responses to this RFP. Much of the language reflected in any resulting contract with Minnesota State is required by statute. If the vendor takes exception to any of the language in the terms and conditions, they must indicate those exceptions in their response to the RFP; certain exceptions may result in their proposal being disqualified from further review and evaluation. Only those exceptions indicated in their response to the RFP will be available for discussion or negotiation. The Minnesota State Terms and Conditions for the Office of Internal Auditing’s RFPs is available on the Vendors and Suppliers at Minnesota State page.

**Authorized Signature**

The proposal must be completed and signed in the Vendor’s name or corporate name of the Vendor and must be fully signed by an authorized representative of the Vendor. Proof of authority of the person signing must accompany the response.
Selection and Implementation Timeline

<table>
<thead>
<tr>
<th>Key Dates</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 27, 2022</td>
<td>Publish RFP notice to Vendors and Suppliers at Minnesota State website</td>
</tr>
<tr>
<td>October 24, 2022</td>
<td>Deadline for vendors to submit clarifying questions</td>
</tr>
<tr>
<td>October 31, 2022</td>
<td>Publish responses to RFP questions</td>
</tr>
<tr>
<td>November 9, 2022</td>
<td>Deadline for RFP proposal submissions</td>
</tr>
<tr>
<td>Week of November 28th or December 5th</td>
<td>Possible Oral presentations by selected vendors</td>
</tr>
<tr>
<td>January 24-25, 2023</td>
<td>Audit Committee selects External Auditing Firm</td>
</tr>
<tr>
<td>January 25, 2023</td>
<td>Vendor notified and contract negotiations begin</td>
</tr>
<tr>
<td>March 21-22, 2023</td>
<td>Request contract approval from Minnesota State Board of Trustees at Board Meeting</td>
</tr>
<tr>
<td>April 28, 2023</td>
<td>Anticipated contract execution completed</td>
</tr>
</tbody>
</table>

Minnesota State reserves the right to not award a contract. The dates noted above are estimates, but are reasonable for the purposes of presenting deadlines.

**Contract Term**

Minnesota State desires to enter into a contract with the successful Vendor July 1, 2023, or on the date the last required signature is obtained, whichever occurs later. The length of such contract will be three (3) YEARS. Minnesota State reserves the right to extend the contract for external auditing services up to an additional three (3) years as necessary in order to serve the best interests of the Minnesota State. If Minnesota State and the Vendor are unable to negotiate and sign a contract by April 28, 2023, then Minnesota State reserves the right to seek an alternative Vendor.

**Proposal Deadline**

Submitted proposals must be received at the following address not later than Wednesday, November 9, 2022 at 4:00 p.m.:

- **Institution:** Minnesota State Office of Internal Auditing
- **Name:** Amy Jorgenson
- **Title:** Chief Audit Officer
- **Mailing Address:** 30 East 7th Street, Suite 350, St. Paul, MN 55101
Format of Proposals and Submission

The Vendor shall submit six (6) printed copies of its RFP response and one (1) copy on digital media with the RFP response in Microsoft Word format. Proposals are to be sealed in mailing envelopes or packages with the Vendor’s name and address clearly written on the outside. One copy of the proposal must be unbound and signed in blue or black ink by an authorized representative of the vendor. Proof of authority of the person signing must accompany the response.

Proposals received after the Proposal Deadline date and time will not be considered. Fax, mail, and e-mail responses will not be considered. Proposals made in pencil will be rejected. Alterations in cost figures used to determine the lowest priced proposal will be rejected unless initialed in ink by the person responsible for or authorized to make decisions as to price quoted. The use of “white out” is considered an alteration.

Proposal Content

Proposals should be thorough and as detailed as possible to allow Minnesota State to properly evaluate the Vendor’s capabilities and approach toward providing the required services.

Vendors must submit the following information:

1. **Adherence to Minnesota State Terms and Conditions:** A statement of the objectives, goals, and tasks to show or demonstrate the vendor's view and understanding of the nature of the contract.

2. **Pricing Structure:** For all price quotations, separate prices must be indicated for each of the project components described in A through H above.

3. **Work Plan:** A description of the deliverables to be provided by the vendor along with a detailed work plan that identifies all project components A through H described above. Deliverables must include a management letter. Systemwide financial statement audit proposals must incorporate audit steps for obtaining audit coverage at colleges and universities without standalone financial statement audits, such as a detailed rotating schedule of coverage.

4. **Federal Perkins Loan Close Out Audits:** Indicate the Vendor’s willingness to do Perkins Loans close out agreed upon procedures described in project component H above and provide a price structure for conducting them.

5. **Workday Enterprise Resource:** Minnesota State is in the final stages of planning for an Enterprise Resource Planning (ERP) system conversion to Workday. Include the vendor’s experience with information technology environments, including any system replacements or conversions. Vendors should explicitly indicate their experience with Workday Enterprise Resource implementations. Indicate the number of institutions the vendor has assisted with Workday implementation.
6. **Qualifications of Vendor and its Personnel**: An outline of the vendor's background and experience with examples of similar work done by the vendor and a list of personnel who will conduct the project, detailing their training, and work experience. Include a factual statement of independence from Minnesota State activities. No change in key managerial or supervisory personnel assigned to the project will be permitted without the approval of the Minnesota State Vice Chancellor – Chief Financial Officer.

7. **External Quality Assurance Review**: Evidence of successful completion of an external quality assurance review as required by the Minnesota State Board of Accountancy.

8. **Level of Intended Reliance on other External Auditors**: Identification of the level of intended reliance on the work of other external auditors and the Office of the Legislative Auditor.

9. **Other Services Performed for Minnesota State**: 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.

10. **Cost/Value**: The level of the participation of Minnesota State in the contract, as well as any other services to be provided by Minnesota State, and details of cost allowances for this participation.

11. **Required Documents and forms**: All required documents and forms listed below must be included in the Proposal.

All materials submitted in response to this RFP will become property of Minnesota State and will become public record after a contract is executed. See the section of this RFP related to Minnesota Government Data Practices Act for information about information the Vendor believes to be trade secret materials.

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

**Pricing Structure**
Price quotations for each of the project components described in A through H above should be clearly identified. See the Sample Minnesota State Professional Technical Services Master Contract for External Auditing Services, Part 3 Consideration and Terms of Payment on the [Vendors and Suppliers at Minnesota State page](#).

**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.

**Sample Contract**

Vendors should be aware of Minnesota State’s standard contract terms and conditions in preparing their response. A Sample Minnesota State Professional Technical Services Master Contract for External Auditing Services is available on the Vendors and Suppliers at Minnesota State page. Much of the language reflected in the contract is required by statute. If Vendors 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 included in proposals will be available for discussion or negotiation.

**Terms of Payment**

Payment shall be made by Minnesota State promptly after Vendor’s presentation of invoices for services performed and acceptance of such services by an authorized representative of Minnesota State. All services provided by the Vendor pursuant to the resulting contract shall be performed to the satisfaction of Minnesota State, as determined at the sole discretion of its authorized representative, and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The Vendor shall not receive payment for work found by Minnesota State to be unsatisfactory or performed in violation of any applicable federal, state or local law, ordinance, rule or regulation.

**Required Documents and Forms**

1. **Affidavit of Non-Collusion.** All vendors must complete the Affidavit of Non-Collusion and submit it with the proposal.

2. **Conflicts of Interest.** 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 is contemplated in this request for proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict.

3. **Workforce Certificate.** For all businesses with 40 or more employees and a contract is estimated to be in excess of $100,000, vendors are required to complete the Minnesota Department of Human Rights Workforce Certificate Form and submit their certification with the proposal (including extension options).

4. **Equal Pay Certification.** For all businesses with 40 or more employees and a contract is estimated to be in excess of $500,000, vendors are required to complete the Minnesota Department of Human Rights Equal Pay Certificate Form or claim exemption prior to
contract execution. Submit the vendor’s certification with the proposal (including extension options).

5. Preferences for TG/ED/VO Businesses and Individuals. If applicable, eligible certified TG/ED/VO businesses will receive preference in the evaluation of its proposal as outlined below. Submit the vendor’s certification with the response using the Supplier Diversity Form for the Office of Internal Auditing’s RFPs available on the Vendors and Suppliers at Minnesota State page.

**Selection Process**

All proposals received by the deadline will be evaluated by representatives of Minnesota State. This group will evaluate the proposals and make the final decision. In some instances, an oral presentation may be part of the evaluation process.

Factors on which proposals will be evaluated include, but are not limited to, the following:

A. Qualifications of both Vendor and its personnel. Experience of personnel who are committed to work on the contract will be given greater weight than that of the Vendor.

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. Workday Implementation experience.

E. Cost detail.
RFP Evaluation Factors

The following factors and their identified weight will be used by Minnesota State to evaluate the responses:

<table>
<thead>
<tr>
<th>No.</th>
<th>Evaluation Factors</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Adherence to Minnesota State Terms and Conditions</td>
<td>Yes/No</td>
</tr>
<tr>
<td>2.</td>
<td>Vendor Experience, with particular weight given to a large breadth of subject matter expertise topics, experience with higher education work, Workday systems implementation, Diversity, Equity and Inclusion work, and IT audit experience</td>
<td>30%</td>
</tr>
<tr>
<td>3.</td>
<td>Price in relation to level of service to be provided for Project Components A-H</td>
<td>35%</td>
</tr>
<tr>
<td>4.</td>
<td>Qualifications of vendor and its personnel (experience of personnel who are committed to work on the contract will be given greater weight than that of the company)</td>
<td>25%</td>
</tr>
<tr>
<td>5.</td>
<td>Completeness, thoroughness and detail of response as reflected by the proposal’s discussion and coverage of all elements of work listed above</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>100%</td>
</tr>
<tr>
<td>6.</td>
<td>Preference to TG/ED/VO Business and Individuals: If applicable, Vendor is a certified TG/ED/VO vendor.</td>
<td>6%</td>
</tr>
</tbody>
</table>

Minnesota State reserves the right to name a date when selected vendors may be invited to participate in an oral presentation.

Minnesota State does not agree to reach a decision by any certain date, although it is hoped the evaluation and selection will be completed by the date identified in the Selection and Implementation Timeline.

A proposal may be rejected if it is determined that a vendor’s ability to work with the existing infrastructure will be too limited or difficult to manage.

**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). Vendors may rely on the work of the Legislative Auditor in regards to centralized statewide IT systems based on their professional judgement.

Vendors who respond to the systemwide financial statement audit RFP 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 Vendor would plan to use for assistance with IT related audit work. Vendors who respond 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

<table>
<thead>
<tr>
<th>Student Module Components</th>
<th>Finance Module Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curriculum</td>
<td>Accounting</td>
</tr>
<tr>
<td>Term Course</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>Prospect</td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>Applicant</td>
<td>Accrual module <em>(financial Reporting)</em></td>
</tr>
<tr>
<td>Admission</td>
<td>Budget</td>
</tr>
<tr>
<td>Communication</td>
<td>Consumable Inventory</td>
</tr>
<tr>
<td>Registration</td>
<td>Cost Allocation</td>
</tr>
<tr>
<td>Academic Record</td>
<td>Equipment</td>
</tr>
<tr>
<td>Graduation Application Tracking</td>
<td>eTimesheet</td>
</tr>
<tr>
<td>Contract/Non-credit Instruction</td>
<td>Facilities</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>Human Resources (SCUPPS)</td>
</tr>
<tr>
<td>Student Housing</td>
<td>Purchasing Control System</td>
</tr>
<tr>
<td>Career Services/Graduate Follow-up</td>
<td>Student Payroll</td>
</tr>
<tr>
<td>Disability Services</td>
<td></td>
</tr>
<tr>
<td>Duplicate Resolution</td>
<td></td>
</tr>
</tbody>
</table>

Minnesota State is in process of a conversion from Integrated Statewide Records System (ISRS) to NextGen Workday.

**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 the 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 2023. 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 Chief Audit Officer 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 2021, salaries and benefits accounted for about 69 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.

The Minnesota State Defined Contribution Pension Fund is also part of the financial reporting entity. As of June 30, 2021, the fund had net assets of $1.65 billion. TIAA is the administrative services agent for the fund.

**Minnesota State Enterprise Resource Planning (ERP) Project**

Minnesota State is in the final stages of planning for an ERP system conversion to Workday. Tentatively, that planning work is expected to be completed in fiscal year 2023.

**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 Schedule of Expenditure of Federal Awards (SEFA). 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.
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.

Additional RFP Response and General Contract Requirements
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 System Office in accordance with the contract and as it applies to all data, created, collected, received, stored, used, maintained, or disseminated by the vendor 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 final contract is executed. 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 Vendor 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 and will protect such data using commercially-acceptable standards, no less rigorously than it protects its own confidential information. 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.

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 and Minnesota State 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.

See also the Minnesota State Terms and Conditions for the Office of Internal Auditing’s RFPs on the [Vendors and Suppliers at Minnesota State page](#).
Supplier Diversity

In accordance with Board Policy 5.14, Minnesota State is committed to enhance and optimize business and contracting opportunities that promotes economic growth and prosperity of the student bodies and the communities we serve. Minnesota State created the Supplier Diversity program to foster partnerships with historically under-utilized businesses and ensure that diverse suppliers are given equal opportunities to provide goods and services system-wide. Eligible diverse suppliers are required to complete the Supplier Diversity Form for the Office of Internal Auditing’s RFPs available on the Vendors and Suppliers at Minnesota State page, that will be used to confirm eligibility and award a percentage of preference, if applicable, based on their status.

Preference to TG/ED/VO Small Businesses and Individuals

In accordance with Minnesota Rules, part 1230.1810 and Minnesota Statute §16C.16, the basis of award is that of a certified prime TG, ED, and VO business or individual will receive a six percent (6%) preference. Preferences are not cumulative; the total percentage of preference granted on a contract may not exceed the highest percentage of preference allowed for that contract. The points are applied to the final cost of the evaluation of the project. Eligible, verified, small businesses currently listed in the Directory of Certified TG/ED/VO are eligible for the preference. Vendors interested in becoming certified should refer to the Office of Equity in Procurement with the State of Minnesota.