Request for Proposals 14041

Appointment of External Auditor for the
West Virginia Higher Education Fund Audit

Open-End Systems Contract for:
West Virginia Higher Education Policy Commission
West Virginia Council for Community and Technical College Education
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301

Mandatory Preproposal Meeting: 1:00 PM, Eastern Time, November 18, 2013
Written Questions Due: 5:00 PM, Eastern Time, November 22, 2013
Proposals Due: 3:00 PM, Eastern Time, December 19, 2013
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Section 1. Introduction

1.1 The West Virginia Higher Education Policy Commission (“Commission”) and the West Virginia Community and Technical College Council (“Council”), collectively referred to as the “Systems,” along with the institutions and entities under their respective jurisdictions comprise the West Virginia Higher Education Fund ("the Fund"), which is a discretely presented component unit of the State of West Virginia (the “State”). The Systems are seeking firms with auditing experience and expertise to conduct audits of the Fund’s financial statements prepared in accordance with accounting principles prescribed by the Governmental Accounting Standards Board. These audits are to be in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Accounting Standards, issued by the Comptroller General of the United States.


1.3 Requirements are stated in the various sections of this document. Other terms and conditions appropriate to the audit work are explained in the RFP.

1.4 The Systems may accept or reject proposals in whole or in part, and shall select the firm which, in the sole opinion of the Systems, best meets the Systems’ needs. Firms will be evaluated on economic effectiveness (cost), and technical qualifications and completeness of the proposal as identified in Attachment 3.

1.5 The Systems may investigate any responding firm, its personnel and operations. Additional information including, but not limited to, financial statements may be requested while proposals are under consideration. Firms shall provide all requested information and are encouraged to include any additional information they wish to have considered.

1.6 The complete review of these documents is required prior to submission of a proposal. By responding, the firm will acknowledge that all of the documents have been read and understood.

Section 2. West Virginia Higher Education Fund

2.1 The West Virginia Higher Education Fund includes the entities under the jurisdiction of the Systems as follows:

The Commission’s entities include:
- Bluefield State College
- Concord University
  - Concord University Research Corporation
• Fairmont State University
• Glenville State College
  o Glenville State College Research Corporation
  o Glenville State College Housing Corporation
• Marshall University
  o Marshall University Research Corporation (MURC)
• Shepherd University
  o Shepherd University Research and Development Corporation
• West Liberty University
  o West Liberty University Research Corporation
• West Virginia Higher Education Policy Commission (Commission)
  o West Virginia Network for Educational Telecomputing (WVNET)
  o West Virginia Regional Technology Park (see paragraph 2.2 below)
• West Virginia School of Osteopathic Medicine
• West Virginia State University
  o West Virginia State University Research and Development Corporation
• West Virginia University (WVU)
  o West Virginia University Institute of Technology (WVUIT)
  o Potomac State College of West Virginia University
  o West Virginia University Research Corporation

The Council’s entities include:
• Blue Ridge Community and Technical College
• Bridgemont Community and Technical College (see paragraph 2.3 below)
• Eastern West Virginia Community and Technical College
• Kanawha Valley Community and Technical College (see paragraph 2.3 below)
• Pierpont Community and Technical College
• Mountwest Community and Technical College
• New River Community and Technical College
• Southern West Virginia Community and Technical College
• West Virginia Council for Community and Technical College Education (Council)
• West Virginia Northern Community College
• West Virginia University at Parkersburg

2.2 The West Virginia Regional Technology Park’s real property and improvements are owned by the Commission. The Park is managed by a corporation created by the Legislature and operates as a 501(c)(3) corporation. The Tech Park shall be consolidated under the Commission.

2.3 In its 2013 session, the West Virginia Legislature passed Senate Bill 438 which merges Bridgemont Community and Technical College and Kanawha Valley Community and Technical College. SB 438 became effective from the date of passage, April 13, 2013, and as of June 30, 2013, these institutions became one independent, multi-campus community and technical college. However, the consolidation is not complete until the Higher Learning Commission
approves consolidated institution at their February 2014 meeting. For Fiscal Year 2014, each institution received a separate appropriation and will need to be audited separately yet have a consolidated financial statement. The Board of Governors of the consolidated institution is to complete and implement the reorganization by July 1, 2014. The consolidated institution will be known as BridgeValley Community and Technical College. For Fiscal Year 2015 and thereafter, BridgeValley will receive a single appropriation and shall be audited as a single entity and have a single financial statement. A link to SB 438 is provided below:

http://www.legis.state.wv.us/Bill_Status/bills_text.cfm?billdoc=SB438%20SUB1%20EN R.htm&yr=2013&sesstype=RS&i=438

Section 3. Financial Background and Financial Information Systems

3.1 The Systems’ current operations are funded primarily through State appropriations, student fees, operation of self-supporting activities (auxiliary enterprise operations), Federal Government programs, local and private gifts and sponsored programs, and investment income.

3.2 A summary of the Fund’s revenues, expenses, and changes in net assets for the years ending June 30, 2001 through 2012 may be obtained from:

http://wvhepcnew.wvnet.edu/index.php?option=com_content&task=view&id=34&Itemid =0

3.3 All entities in the Fund except the Commission, Council, Eastern West Virginia Community and Technical College, West Virginia University and West Virginia University at Parkersburg use the Ellucian Banner System for their general ledger. West Virginia University and West Virginia University at Parkersburg (WVUP) use Oracle general ledger systems. On January 1, 2014, it is expected that WVUP will switch to the Ellucian Banner System. Eastern West Virginia Community and Technical College uses QuickBooks software for its general ledger system and the Commission and Council uses Microsoft Access for its general ledger systems. Payroll and vendor disbursements as well as deposits are made through FIMS for all entities. In most cases, the entities’ general ledger systems interface with FIMS. The State is implementing a new ERP system. The Commission, Council and Eastern West Virginia Community and Technical College will begin using this system for their general ledgers in fiscal year 2015. The other institutions will continue to use their general ledger systems and interface to the new ERP system for payments. The ERP payroll system will be used by all institutions beginning January 1, 2015 except for Fairmont State University, Marshall University and West Virginia University. Fairmont State University, Marshall University and West Virginia University will interface required data to the ERP payroll system beginning January 1, 2015.

Section 4. Scope of Services

4.1 It is anticipated that a single audit contract will be awarded for all audit services. However, the Commission and Council reserve the right to configure the contract in whatever
way is in their best interests.

4.2 Higher Education Fund Audit: The Audit Firm shall perform the following services for the fiscal years ending 2014, 2015, 2016, 2017 and 2018 for the Fund in accordance with auditing standards generally accepted in the United States (“generally accepted auditing standards”) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States:

4.3 Financial Audit: Perform an audit of each entity’s statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows, with appropriate notes to the financial statements, in accordance with auditing standards generally accepted in the United States (“generally accepted auditing standards”) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget (“OMB”), Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, of the entities of the Higher Education Fund and render an independent auditor’s opinion and report for each entity as of June 30 for each fiscal year. The audit engagement will also include a review of the supplemental information provided in the Management’s Discussion and Analysis.

4.4 The Commission and WVNET shall be audited separately but a single audit report shall be issued for these entities.

4.5 A separate audit of each of the entities under West Virginia University, except the WVU Research Corporation, will not be required. WVU Research Corporation is separately audited and then combined into WVU’s statements. A separate audit for WVU Research Corporation is required. West Virginia University’s Board of Governors Audit Committee requires at least three on-site meetings with the engagement partner during the course of each year’s audit. Please include the cost for these meetings in the fee proposal for West Virginia University. In addition, West Virginia University’s Institutional Accounting, Reporting & Analysis Staff prepares its own financial statements, including basic statements, footnotes and MD&A, and does not use the pro-forma provided by the Audit Firm. This should be reflected in the fee proposal for West Virginia University. Also, WVU undergoes a mid-year agreed-upon procedures annually to meet the interim reporting requirements defined by its Board of Governors. This should be reflected in the fee proposal for West Virginia University. In addition to the audit engagement partner having face-to-face time with the Board of Governors, WVU requires the audit engagement to provide a direct line of communication between the accounting staff at WVU and the engagement partner/audit manager.

4.6 All entities prepare their MD&As.

4.7 In order to assist the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration, the Audit Firm will be required to review the GAAP
Reporting Forms (Closing Book Forms) for the Fund. These forms shall be included in the Combined Higher Education Fund’s audit report along with the auditor’s “in relation to” opinion. The Closing Book instructions and forms may be reviewed at the following website address. Please include a fee for this service as a separate entry in the line provided under the Commission in Attachment 2.

http://www.wvfinance.state.wv.us/FARSmain.htm

4.8 The Audit Firm is required to participate in one training session with the Fund’s entities and FARS, usually held in May at a central location in West Virginia, concerning the State’s single audit and Closing Book process.

4.9 Pursuant to GASB Statements 14, 39 and amended criteria under 61, provide a review and reliance of each entity’s potential component units, including foundations, research and development corporations and other affiliated organizations, for inclusion in each respective institution’s issued audit report. All institutions comprising the Fund have adopted these standards, but not all related organizations are reported as component units either due to non-applicability of criteria or immateriality of amounts to the Fund. When and if these related organizations become material, they shall be reported in the appropriate institution’s and the Fund’s financial statements as discrete component units at no additional cost.

4.10 Perform an audit of statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows, with appropriate notes to the financial statements, in accordance with auditing standards generally accepted in the United States (“generally accepted auditing standards”) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget (“OMB”), Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, for the following entities:

- Marshall University Research Corporation (MURC)
- Shepherd University Research and Development Corporation
- West Virginia State University Research and Development Corporation
- West Virginia University Research Corporation

4.11 The Audit Firm shall review the Data Collection Form for consistency and accuracy to the audited financial statements and shall assist the institutions with the electronic submission to the Federal Audit Clearinghouse of the form (Internet Data Entry System (IDES). This assistance shall include an auditor’s certification transmitted electronically.

4.12 Provide a management letter for each entity identifying any weaknesses in internal control discovered as a result of audit work performed.

4.13 Standards are to be established and maintained by the Audit Firm that will ensure that entities are consistent in the reporting of their financial activity so comparative information is readily available to the Commission and Council. When administratively, legally and
economically feasible the Audit Firm may employ local CPA firms for support and field assistance. If local CPA firms are employed, the Audit Firm shall oversee, supervise, manage and direct the audit work and shall be fully and solely responsible for its accuracy and completeness.

4.14 Provide an audited report that combines the audited statements of all Fund entities into an audited consolidated report for the Fund. In addition, provide an audited consolidated report for the Council entities.

4.15 The Audit Firm shall make a presentation of the audit findings and reports to each institution’s governing board at a regularly scheduled meeting as soon as practicable following issuance of the institution’s final report. A presentation of the Consolidated Financial Audit shall be made to the Commission and Council at a regularly scheduled meeting of these bodies as soon as practicable following issuance of the final report.

4.16 System Bond Audits: Conduct an audit of the following outstanding System (Commission) Bonds in accordance with AICPA generally accepted auditing standards for governmental agencies for the purpose of expressing an opinion with respect to the financial statements arising from cash transactions of the following funds. Additional bonds may be issued in the future, and if they are and require separate audits, a fee will be negotiated with the Audit Firm for these audits. If a separate audit is not required, the audit firm shall include the bonds in the Commission’s financial statement at no additional cost.

- Series 2012A - Revenue Refunding Bonds, due through 2034;
- Series 2012B - Revenue Refunding Bonds, due through 2034;
- Series 2010A – Revenue Bonds, due through 2026;
- Series 2010B – Revenue Bonds, due to 2040;
- Series 2010C – Revenue Bonds, due through 2018;
- Series 2007A – Revenue Refunding Bonds, due through 2027;
- Series 2004B – Higher Education Facilities Bonds, due through 2034;
- Series 2000A - University System Bonds, due through 2031; and
- Series 1998 - University System Bonds, due through 2028.

4.17 Institution Bonds Payable: The institutions within the Fund had bonds payable as of June 30, 2013. For the most current list of these bonds payable, please refer to the Fund’s Combined Financial Statement as of June 30, 2012. By the time proposals are due, the list of institution bonds payable as of June 30, 2013 should be available. Institution bonds payable shall be included in the institutions’ financial statement; however, a separate bond audit is not required. Additional bonds may be issued in the future, and if they are and require separate audits, a fee will be negotiated with the Audit Firm for these audits. If a separate audit is not required, the audit firm shall include the bonds in the institution’s financial statement at no additional cost.

4.18 The Commission and institutions may from time to time issue new revenue bonds, refund existing revenue bonds or issue other financial or debt instruments where inclusion of financial statements in the offering documents is prudent and desirable. In these cases, the Audit Firm
shall cooperate in all respects to facilitate inclusion of the financial statements and not place an undue burden, demand or restriction in incorporating the financial statements in these documents. The Audit Firm shall be given the opportunity to review these documents prior to issuance and to correct misstatements or factual errors in these documents with respect what is stated in the financial statements. A reasonable fee may be negotiated with the Audit Firm for this service.

Section 5. Engagement Letters

5.1 Fund Engagement Letter: By April 1 of each year, the Audit Firm shall draft a single engagement letter for the next Fund Audit for review and approval by the Commission. The engagement letter shall comply in all respects to the terms and conditions set forth in this RFP and the purchase order/contract issued by the Commission. Among other things, the engagement shall identify the partner in charge of the audit, the audit schedule, an itemization of the audit fee by entity, a payment schedule for the audit, and other matters normally included in an engagement letter. Once approved by the Commission, this engagement letter shall serve as the vehicle for providing services for audit of the Fund. Invoices for the Fund Audit shall be presented to the Commission for payment.

5.2 Institution Engagement Letter: An institution (entity) may elect to have a separate engagement letter for additional services beyond the Fund audit. This engagement letter shall describe the services and deliverables required to meet the institution’s Fund audit obligations as well as other audit services the institution deems necessary for its benefit. If an institution engagement letter is issued, the Audit Firm shall invoice the institution directly and the institutions shall pay all invoices for services in this engagement letter. If an institution desires to have its own engagement letter, the Commission and Audit Firm must be notified by April 30 for the upcoming audit. A copy of the approved engagement letter and subsequent modifications, if any, shall be provided to the Commission.

Section 6. Additional Services

6.1 Under the auspices of this contract, an entity may engage the Audit Firm to provide additional entity specific auditing and consulting services provided these services do not create a conflict with respect to performing the Fund Audit. The scope of work and associated fees may be negotiated directly between the entity and the Audit Firm. A separate engagement letter shall be provided for the additional services. A copy of the approved engagement letter and subsequent modifications, if any, shall be provided to the Commission.

6.2 Arbitrage Calculations: If engaged by an entity to perform this additional service, the Audit Firm shall calculate and prepare documentation necessary to rebate excess arbitrage earned under any of the issues identified above, and provide adequate disclosure for all issues relating to penalty elections.
Section 7. Reports and Presentations to Boards of Governors, Commission and Council

7.1 Financial Audit Reports: Audited reports for each entity shall be prepared. Bound copies of each institution’s report shall be provided to the Commission or Council, as applicable and to the respective institution as identified in the Fee Proposal Form, Attachment 2. The reports shall be provided according to the schedule in Attachment 1. These reports shall include:

- Auditor’s opinion on each institution’s and research corporation’s statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows, with appropriate notes to financials, as of June 30 with prior year’s comparable data;
- A-133 audits; and
- Supplemental financial data, including Management’s Discussion and Analysis.

7.2 Bound copies of the Consolidated Fund Report shall be provided to the Commission as identified in the Fee Proposal Form, Attachment 2 according to the schedule in Attachment 1. This report shall include the auditor’s opinion, statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, with appropriate financial statement footnotes, and Management’s Discussion and Analysis, as of June 30 with comparable prior year’s data. The consolidated statement shall also include a schedule of supplementary consolidating financial information of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows.

7.3 A PDF version of all audited financial statements and reports shall be provided for posting on the websites of the Commission and Council according to the schedule in Attachment 1. At the same time, each institution’s audited financial statements and reports shall be provided to the institution for posting on the website of the institution and for publishing in a paper report. Also, the Commission and Council provide various reports to other entities which include financial information from the Consolidated West Virginia Higher Education Fund Report. An electronic copy of the various consolidated work schedules shall be provided in a Microsoft Excel file or other file as stipulated by the Commission and Council which shall enable the Commission and Council to extract financial information and include it in the Commission’s and Council’s reports.

7.4 When required, a management letter identifying weaknesses in internal controls discovered as a result of the audit at the institutions shall be provided to each institution and the Commission or Council no later than indicated in the schedule in Attachment 1. A draft of the management letters shall be provided to the respective institutions and the Commission or Council for review, comment and discussion by the date indicated in Attachment 1.

7.5 The Audit Firm shall present the audit report to each institution’s Governing Board and to the Commission and Council at a scheduled meeting of each Board and the Commission and Council. The date of each presentation shall be scheduled by the Commission, Council and institution staff in consultation with the Audit Firm.
7.6 Bond Audit Reports: As needed and if required by bond covenants, separate audit reports shall be completed for each bond issue required to have a separate audit report and submitted to the Commission in draft form and final form pursuant to the schedule in Attachment 1. Bound copies of the final reports shall be provided to the Commission as identified in the Fee Proposal Form, Attachment 2. In addition, the Commission shall be provided an electronic copy of all reports in PDF format. Also, for bonds issued by an institution’s governing board that are required to be audited, a draft of each report and bound copies of the final reports shall be provided to the institution as identified in the Fee Proposal Form, Attachment 2, at the same time the Commission receives its reports.

7.7 Each of the reports must contain, as a minimum requirement, the following:

- Auditor’s opinion or review report;
- Statement of Assets, Liabilities, and Fund Balance (current and prior year);
- Statement of Revenues Collected, Expenses and Costs Paid, and Changes in Net Position (current and prior year);
- Notes to financial statements including debt service amortization schedules; and
- Arbitrage report as required in clause 3.4.2.

7.8 A management letter identifying any weaknesses in internal control discovered as a result of the audit at the institutions shall be provided pursuant to the schedule in Attachment 1. A draft of the management letters shall be provided to the respective institution and the Commission as scheduled in Attachment 1.

7.9 A summary report showing debt service reserve requirements for each bond issue, and current balances is required. Certain letters expressing compliance with bond indentures may also be required.

7.10 The Audit Firm shall present the Bond Audit Reports to each institution’s Governing Board and the Commission at a scheduled meeting of each Board and the Commission.

Section 8. Status Conferences

8.1 Periodic teleconferences shall be held by the Audit Firm and the Commission and Council staff to provide an understanding of the status of each entities audit. The Commission and Council staff shall determine the frequency of these teleconferences.

8.2 Periodic teleconferences may also be held with the institutions (entities).

Section 9. Proposal Instructions and Format

9.1 Proposals should be prepared following the order and numbering sequence of this RFP. Questions should be repeated in the text of the proposal and answered concisely.
9.2 Proposals should be limited to no more than 50 pages, printed on 8.5" X 11" paper and bound in a three ring loose-leaf binder. Additional material may be submitted separately as exhibits and may be included in the same binder following the main proposal. The proposals and exhibits must be xerographically reproducible.

9.3 Submit an original and one copy of the proposal. Also, submit one complete PDF copy of the proposal, including exhibits, on a compact disk (CD). The PDF copy should be organized and formatted exactly like the paper original.

9.4 The proposal should contain the following:

1. **Qualification of Firm:** Provide a statement/response to (a) organization and qualifications of the Audit Firm and any local firms that are part of this proposal, including the status of each Audit Firm within the public accounting profession, and the status of any adverse legal action that may jeopardize the Audit Firm’s long-term viability; (b) describe any business relationship that the firm currently has and has had in the past five years with the Systems and/or entities; (c) is the Firm of sufficient size that the Systems’ engagement does not compromise either the firm’s independence or its appearance of independence; (d) does the Firm have client relationships with other businesses or not-for-profit organizations that are of sufficient magnitude to place the auditor in a potential conflict of interest with respect to the Systems’ and/or entities; (e) provide results of the Audit Firm’s most recent peer review (under PCAOB and/or AICPA Peer Review Program); (f) indicate the relationship of the responding firm office to firm owner (i.e., independent ownership, corporate ownership, franchise, etc.) and identify any parent company relationships; and (g) is the firm registered to practice in West Virginia?

2. **Relevant Experience of the Firm:** A statement of related experience in auditing and compiling financial statements for state institutions of higher education; (b) managing a system-wide higher education engagement (c) the setting of system-wide technical accounting criteria for use at participating institutions (entities); (d) experience in auditing public research institutions and those with an academic health sciences component; (e) experience with the OMB Circular A-133 audits pertaining to institutions of higher education including an in-depth familiarity with the audit requirements necessary to issue an Independent Auditor's Report in accordance with Circular A-133; and (f) audits of general computer controls associated with complex and large financial systems including information security, application systems, database management, network support, system software support and information security.

3. **Audit Approach/Philosophy:** (a) provide an overview of the Audit Firm's audit philosophy and approach to the engagement; (b) provide a complete description of how the work will be conducted including all quality assurances that are provided in the firm’s process for this type of work, and detail the amount of time and effort that will be required of the entities’ personnel; (c) the utilization of local firms if any, extent of local firm participation, and how local firm participation will be managed to ensure system-wide continuity, compatibility of information, audits and reports; (d) how the partner-in-
charge will take an active role in the audits to ensure that individuals with the necessary expertise and experience will be assigned to the audits at the appropriate point to achieve timely completion; (e) provide a proposed schedule, including an interim work schedule, and audit plan with specific dates shown to ensure completion of the audit and required reports within the time limits in Attachment 1; (f) firm’s philosophy and approach regarding resolving disputes with entity’s management over significant accounting and service issues, internal controls, risk assessment and management letters, and policies on partner rotation (both engagement and review partners); and (g) provide any publications, seminars, or special reports published by the firm on topics important to the higher education community.

4. **Qualifications of Staff:** Identification and statement of qualifications of individuals within the Audit Firm and local firms (if any) to be assigned direct responsibility for the engagement. Describe the experience that key personnel have, their length of service with the firm, and the type and extent of training your firm provides its staff in the field of higher education, as well as other relevant audit skills. Estimate the level of partner time the firm intends to commit. For staff performing higher education engagements, provide statistics on staff turnover/tenure within the firm at the partner, manager, and field auditor levels.

5. **Transition from Current Auditor:** What procedures or approach will the Audit Firm employ to ensure a smooth and effective transition from the current auditors, time involved, their requirements for access to work papers and cooperation with predecessor auditors, etc?

6. **References/Depth of Client Base:** The names, telephone numbers and mailing addresses of at least three higher education clients and the contact person from whom references may be obtained for both the firm and the key personnel assigned to the engagement. References should be from clients comparable to the type and scope of services solicited in this RFP.

9.5 **Fee Proposal:** In a separate sealed envelope, provide the maximum fee, including all expenses, on the Fee Proposal Form, Attachment 2. The fee proposal for each entity should carefully consider the size of the institution and differences in activities (i.e. auxiliary enterprise operations, FTE, etc). The fee proposed shall include the cost of all professional services and expenses to provide the services required and described in this RFP.

9.6 Only written information, interpretations and instructions issued by the Chief Procurement Officer will be considered official. Firms shall not rely on oral interpretations, information and instructions.

9.7 Only questions or requests for information received by the Chief Procurement Officer in writing will be considered official and receive a written response.

9.8 All expenses associated with preparing and submitting proposals are the exclusive responsibility of the proposer. Proposals will become a matter of public record and open for
inspection following the announcement of contract award.

Section 10. Evaluation of Proposals

10.1 Proposals will be evaluated by a committee of higher education fiscal officers and Commission and Council staff in accordance with the higher education purchasing rules and regulations, based on the criteria in the attached Audit Selection Criteria Form, Attachment 3.

10.2 Evaluations will be based on overall services, qualifications and costs. Award will not necessarily be made to the Audit Firm submitting the lowest cost.

Section 11. Contract Terms and Conditions, Payment of Fees, Authorization for Additional Services, Engagement Letters and Attachments

11.1 By submitting a proposal in response to this RFP, a firm shall be deemed to have accepted all the terms, conditions, and requirements set forth in herein unless otherwise clearly noted and explained in writing. Any exception(s), additional terms and conditions a firm wishes to offer for consideration must be clearly itemized and explained in a separate section of the proposal. Otherwise, the RFP in total shall be incorporated into the contract by reference. The Systems may accept or reject the Firm’s proposed exceptions as it deems appropriate and in the best interests of the Systems.

11.2 The State’s Agreement Addendum (WV-96) is attached to demonstrate the State law and guidelines which must be adhered to in any contracts presented to the Systems for execution. A copy of additional terms and conditions that a firm wishes to offer for consideration should be enclosed with the proposal. The West Virginia Attorney General’s Office must accept or reject proposed modifications to the WV-96.

11.3 The successful firm must be a registered vendor with the Purchasing Division, WV Department of Administration, and have a valid vendor number before a contract/purchase order can be issued.

11.4 Payment of fees and expenses, not to exceed the maximum proposed, will be made annually upon completion of the required services and the acceptance of the required reports. Progress payments for services satisfactorily completed may be made pursuant to a payment schedule satisfactory to the Systems and included in each year’s Engagement Letter.

11.5 Unless an institution (entity) has its own engagement letter for services beyond the Fund audit, invoices shall be paid centrally by the Systems from Systems’ and institutions’ accounts as appropriate. Invoices must be prepared in accordance with the requirements of the contract/purchase order issued by the Systems to the successful Firm, and in accordance with the requirements of the State Auditor.

11.6 The Audit Firm’s proposal shall include complete and total compensation to the Firm for
the Fund Audit. Should an institution, Commission or Council request additional auditing services, or should the Audit Firm believe that additional services are required to complete an audit, then the Audit Firm shall: (a) alert the Systems’ Chief Procurement Officer, and the institution, if applicable; (b) identify in writing the proposed additional service and the requested compensation; and (c) secure the written approval of the Systems’ Chief Procurement Officer and the institution, if applicable, before commencing the additional service. Failure by the Audit Firm to secure such approval in advance may result in forfeiture of any additional compensation that may otherwise be due. If the additional service and the additional compensation are approved by the Chief Procurement Officer, a change order to the contract will be issued authorizing the service. Payment for services cannot be made until a purchase order for the change is issued. If authorized according to this paragraph, additional services may be negotiated and paid on an hourly or stipulated fee basis.

11.7 An Engagement letter shall be presented to the Systems for approval and signature prior to commencement of services for each fiscal year. The proposed Engagement Letter shall not alter the terms, conditions, obligations, duties, and scope of services required by this RFP and the contract/purchase order issued by the Systems. If local firms are engaged by the Audit to assist it with the Fund audit, the Systems’ Engagement Letter shall be the master Engagement Letter and engagement letters issued by the local firms shall conform in all material respects to the System’s Engagement Letter. It is the Audit Firm’s sole responsibility and obligation to ensure that local firms’ engagement letters comply with the requirements of this paragraph. Copies of local firms’ engagements letters shall be provided to the Systems.

11.8 This RFP and contract/purchase order terms, conditions, obligations, duties, and scope of services may only be altered by an officially issued change order by the Chief Procurement Officer.

11.9 The following exhibits and attachments are incorporated into and are a binding part of this RFP:

Exhibits:

Exhibit A, Instructions to Bidders
Exhibit B, Terms and Conditions
Exhibit C, Agreement Addendum (WV-96)
Exhibit D, No-Debt Affidavit
Exhibit E, Vendor Registration and Disclosure Statement

Attachments:

Attachment 1, Estimated Schedule for Audit Services
Attachment 2, Fee Proposal Form
Attachment 3, Audit Firm Selection Criteria Form
Section 12. Questions and Additional Information

12.1 Questions and requests for additional information must be received in writing no later than 5:00 p.m., Eastern Time, November 22, 2013, by:

Chief Procurement Officer
West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, West Virginia 25301
Telephone: (304) 558-0277
Fax: (304) 558-0259
Email: donovan@hepc.wvnet.edu

12.2 Responses to written questions will be issued on or before December 6, 2013. The purpose for submitting written questions is to ensure that all participants receive the same responses. Questions and requests for information should include a contact person’s name, email address and telephone number. This RFP and responses to questions or requests for additional information will be posted on the Commission’s website at the following URL. It is the firm’s sole responsibility to check this website address for addenda, responses to written questions and other relevant information concerning this RFP:

https://wvhepc.org/purchasing/

12.3 A mandatory pre-proposal meeting will be held at 1:00 PM, Eastern Time, November 18, 2013, at the Commission’s Office. Firms may attend the meeting in person or by conference call. Proposals will be considered only from firms that attend the pre-proposal meeting in person or by conference call. For those attending by conference call, please call the following telephone number and enter the PIN code:

Conference Phone Number: (866) 453-5550
Participant Pin Number (PIN): 4791023#

12.4 Firms interested in submitting a proposal should contact the Chief Procurement Officer to make sure their firm’s name, mailing address and other contact information is available.

12.5 Discussions and interviews may be held with firms under final consideration prior to making a selection for award; however, proposals may be accepted without such discussions or interviews.

12.6 In the event that mutually acceptable terms cannot be reached within a reasonable period of time with the highest ranked firm, the Systems reserve the right to undertake negotiations with the next most advantageous firm(s) in priority order without undertaking a new procurement process.
Section 13. Submitting Proposals

13.1 Proposals will be received until 3:00 PM, Eastern Time, December 19, 2013. Provide an original proposal and one copy on a CD or thumb drive pursuant to the requirements in Section 9 in an opaque envelope. Please enclose the fee proposal in a separate sealed envelope. Deliver the proposal to:

   Chief Procurement Officer
   RFP 14041
   West Virginia Higher Education Policy Commission
   1018 Kanawha Boulevard, East, Suite 700
   Charleston, West Virginia 25301

13.2 Proposals shall remain in effect for ninety (90) days from the due date.

13.3 Electronically transmitted proposals will not be accepted.

13.4 After an award, all proposals will become a matter of public record and open for inspection. After the opening, proposals shall become the property of the Commission and will not be returned. Once negotiations are successfully concluded, the successful firm will receive a purchase order issued by the Commission and Council.