

NORTHERN MAINE DEVELOPMENT COMMISSION, INC.

Request for Proposal Financial Audit

Northern Maine Development Commission, Inc. invites qualified independent public accounting firms to submit proposals for the performance of an audit of its financial records for the purpose of rendering an auditor's opinion regarding the fairness of applicable legal provision and compliance with the Single Audit Act of 1984, in accordance with generally accepted auditing standards. The audit will be for the following:

The proposals are to cover the fiscal year of July 1, 2019 to June 30, 2020.

GENERAL INFORMATION

Northern Maine Development Commission (NMDC) is a membership organization of towns, cities and counties within Aroostook and Washington Counties. Its resources consist of Federal grants, state grants, foundation grants, services contracts, and local contributions. It is organized as a non-profit corporation under section 501(c)(3) of the Internal Revenue Code, and therefore is exempt from federal income tax. The principle divisions of the agency, all of which will be subject to this audit, include Planning and Development, Operations and Business Finance with a total operating budget of approximately \$2,601,715. The most recent audit of NMDC was performed in 2019 for the period July 1, 2018 to June 30, 2019.

The accounts of NMDC are maintained in accordance with the principles of fund accounting. The fund groups consist of unrestricted and restricted funds. The unrestricted funds represent the portion of expendable funds available for support of operations. Funds restricted by a grantor, or contractual agreement with an outside party for particular operating purposes are deemed to be earned and reported as revenue as per the grant or agreement. Such funds received but not earned are reported as restricted deferred amounts.

NMDC uses a modified accrual method of accounting.

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

Unless there are a prohibitive number of proposals, each firm may request in writing an appointment to review the books of the agency. In the event of a prohibitive number of proposals, a pre-proposal conference of all proposers will be held. All proposers will be given adequate notification. Any inquiries concerning the request for proposals should be addressed to Mary Dahlgren, Finance Director.

To be considered, two (2) copies of a proposal must be received by Mary Dahlgren, Finance Director at NMDC, 11 West Presque Isle Road, PO Box 779, Caribou, ME 04736 by 2 PM, on February 26, 2020. NMDC reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the Finance/Audit Committee, NMDC's Executive Director and the Finance Director.

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

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

It is anticipated the selection of a firm will be completed by March 13, 2020.

AUDIT STANDARDS

The audit firm shall conduct the examination of the accounts and records of NMDC in accordance with generally accepted auditing standards and procedures applicable to governmental units as prescribed but not limited to the following documents:

- “Audits of State and Local Government Units”, AICPA Audit and Accounting Guide
- GAO “Standards for Audit of Governmental Organizations, Programs, Activities and Functions”
- GAO “Guidelines for Financial and Compliance Audits of Federally Assisted Programs”
- The Single Audit Act of 1984
- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- MAAP “Maine Uniform Accounting and Auditing Practices
- Other documents that may be specifically requested in grant agreements.

AUDIT SCOPE

The audit firm shall be engaged to conduct an examination of the financial statements, accounts, records and procedures of all divisions and funds of NMDC. A Single Audit conducted in accordance with the Single Audit act of 1984 is required for all federally assisted programs.

Indicate in your proposal if you agree to meet or exceed the following auditing specifications. Explain any exceptions you have regarding them.

- The firm shall perform a financial and compliance audit for all funds reported in NMDC’s latest financial reports. The latest annual audit of NMDC can be obtained electronically upon request.
- The audit shall be conducted to satisfy the requirements of the State of Maine Department of Audit.
- The firm shall examine the financial statements of NMDC as prepared by NMDC’s Finance Director.
- In connection with the examination of the records and financial statements, the firm shall review the system of internal controls, operating procedures and compliance with budgetary and legal requirements by NMDC.
- The review of internal controls must include an annual review of related processing departments. This review should include but not be limited to the areas of physical security, systems and program documentation, input/output controls and control over use and retention of electronic files.
- The firm shall perform a financial and compliance audit in accordance with the Single Audit Act of 1984 for all federally assisted programs.
- NMDC views its engagement of an audit firm as an ongoing professional relationship in which the firm provides services during the course of a year. As such, the firm is expected to consult as required on auditing, accounting, and financial reporting and operating questions which arise during the course of a year.

- The firm shall agree to make its working papers available upon request, to meet NMDC's financial needs as well as in accordance with any federal and state grant provisions. Working papers will be kept for three years from submission of the final audit report.
- The firm shall agree to an entry conference to review the audit program with NMDC's Finance Director and/or NMDC's Finance/Audit Committee.
- The person in charge of the audit shall be available to attend NMDC's Finance/Audit Committee meetings.

AUDIT SCOPE AND REPORT SCHEDULES

Indicate in your proposal if you agree to meet the following audit report schedules. Explain any exceptions you have regarding them.

- The firm shall conduct the audits covering operations of NMDC programs for the period July 1, 2019 to June 30, 2020. The firm shall submit an Independent Auditor's Report containing an expression of opinion that financial statements are fairly stated, or, if a qualified or adverse opinion or disclaimer of opinion is necessary, the reasons therefore. The firm shall submit 1 hard copy and an electronic copy of NMDC's financial statements no later than August 30, 2020.
- The firm shall submit a written report on internal accounting control weakness, if any, and a letter of reportable conditions which shall identify observed effects and propose initial steps to eliminate them. A post-audit conference with NMDC's Executive Director and Finance Director will be held no later than August 21, 2020 to review the rough draft of the financial reports, compliance reports, and the report of comments and recommendations. The firm shall submit copies of Reports Required by Government Auditing Standards, the Single Audit Act and Maine Uniform Accounting and Auditing Practices no later than August 30, 2020.

QUALIFICATIONS OF THE FIRM

The firm must include a summary of its qualifications to perform an audit of a quasi-governmental entity (non-profit). The proposal shall include at a minimum:

- A description of your firm and its relevant prior experience.
- A list of recent local governments or non-profit agency audits performed and two references which shall be non-profit or local government officials.
- Names of the partner(s) and manager(s) to be assigned to the engagement and a summary of their qualifications.
- A description of the firm's experience with indirect cost plans.
- A description of the firm's experience working with grantor agencies if substantial funding is received from particular agencies.
- A description of the firm's experience with GMS Accounting and RLSS Software.
- A description of experience with revolving loan funds.

TECHNICAL APPROACH

- General Requirements – The purpose of the technical approach is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of NMDC in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirement.
- The technical proposal should address all the points outlined in the request for proposals including a not-to-exceed lump sum cost.
- Independence – The firm should provide an affirmative statement that it is independent of NMDC as defined by generally accepted auditing standards.
- License to Practice in Maine – An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Maine.
- Firm Qualifications and Experience – The proposal should state the size of the firm, the size of the firm’s governmental/non-profit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.
- The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific non-profit engagements. The firm shall also provide information on the results of all federal and state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with the state regulatory bodies or professional organizations.
- Partner, Supervisory and Staff Qualifications and Experience – The firm should identify the principle supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Maine. The firm also should provide information on the non-profit auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. NMDC must give prior permission to changes of the firm’s personnel assigned to this contract for services
- Consulting Services and Technical Assistance – The firm should list separately applicable experience within the last five years, relating to indirect cost proposals, management advisory services and other related areas of technical assistance which an agency such as NMDC might require.
- Similar Engagement With Other Non-Profits – For the firm’s office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principle client contact. Indicate also your permission to contact these references.

- Specific Audit Approach – The proposal should set forth a work plan, including an explanation of an audit methodology to be followed, to perform the services required in this request for proposals. In developing the work plan, reference should be made to such sources of information as NMDC’s budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
- Identification of Anticipated Potential Audit Problems – The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems and any special assistance that will be requested from NMDC.

SUBMISSION OF PROPOSALS

The following material is required to be received by 2PM on February 26, 2020 for a proposing firm to be considered:

- A master copy of the proposal and two (2) copies to include the following:
 1. Title Page – Title page showing the request for proposals’ subject; the firm’s name; the name, address and telephone number of a contact person and the date of the proposal.
 2. Table of Contents
 3. Transmittal Letter – A signed letter of transmittal briefly stating the proposer’s understanding of the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for July 1, 2019 through June 30, 2020.
 4. Detailed Proposal – The detailed proposal should follow the order set forth in this request.

EVALUATION PROCESS

Selection will be based on the following criteria:

- Qualifications and Experience of the firm and/or individual
- Methodology or approach to audit
- Price

NMDC reserves the right without prejudice to reject any or all proposals.

ASSISTANCE BY NMDC

NMDC’s Finance Director shall render all feasible assistance to the audit firm and shall respond promptly to requests for information, provide all necessary books and records, and provide physical facilities required by the firm for the expeditious conduct of the engagement.

NMDC shall have adjusted or closed all accounts and shall have them available for examination 25 days after the end of the fiscal year. NMDC’s Finance Director will provide the audit firm with an electronic audit binder containing all financial documentation required by the auditing firm.

NMDC will also make its records and other financial documents available prior to the end of the fiscal year so that the firm may begin its preliminary work well before the close of the fiscal year in order to complete its report on a timely basis.

COMPENSATION

Your proposal must include the maximum total your firm will charge NMDC for this proposal. The maximum fee must be broken down into the groups as mentioned above. This requirement is for budgeting and expenditure distribution purposes only.

The final payment for any audit shall become due only after the submission of all reports required and their acceptance by the Executive Board and/or federal and state grantor agencies.

Should the firm encounter circumstances requiring an increase in the extent of detailed investigation, or should NMDC require an increase in the scope of the audit, written note to that effect must be modified by mutual agreement of both parties as to the additional work and compensation.

TERMINATION OF AUDIT

If the audit fails to substantially comply with the specifications contained in the request for proposals, then NMDC will reserve the right to terminate the engagement after completion of the audit upon written notice to the firm.

CONTRACT EXTENSION

Assuming satisfactory performance the firm selected may be retained for the next four (4) fiscal years.

FURTHER INFORMATION

Any inquires concerning this request for proposal should be directed to Mary Dahlgren, Finance Director, NMDC, PO Box 779, 11 West Presque Isle Road, Caribou, ME 04736, telephone (207) 493-5759 or email mdahlgren@nmdc.org