

## **R. INDEPENDENT FINANCIAL AUDIT REQUEST FOR PROPOSAL (RFP)**

### **General Outline** (for illustrative purposes only)

Transmittal Letter

#### **I. Introduction**

This should include a general discussion of the purpose of the RFP and any relevant background information on the project.

#### **II. Timetable for RFP Process**

The proposed timetable for the RFP process should be presented, including the dates to select auditor and to begin and complete the project.

#### **III. Background of the JPA**

This section should describe the JPA, its programs, its funds, the current accounting system, and the firm conducting past financial audits. This section should also describe the method by which the unpaid liabilities (including future loss development and IBNR) are calculated, or the name of the actuary that does the calculation.

#### **IV. Scope of Services**

This section should include a detailed description of the technical standards, work to be performed and the period to be audited.

##### **A. Technical Standards**

Examinations of financial records and statements and audits for compliance should be made in accordance with generally accepted government auditing standards as adopted by the Comptroller General of the United States. These standards include generally accepted auditing standards as adopted by the membership of the American Institute of Certified Public Accountants (AICPA).

The audit should be made in accordance with generally accepted governmental auditing procedures prescribed by the AICPA and the Industry Audit Guide-Audit of State and Local Governmental Units and the appropriate sections of the Governmental Accounting Standards Board's (GASB) Statements and should specifically address GASB 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

#### **B. Work to be Done**

The work to be performed generally should include conducting a financial audit of all JPA funds detailed in the Background section of the RFP.

In addition, the auditor should prepare a management letter with statements, observations, opinions, comments or recommendations with regard to:

1. Financial statements of the JPA
2. Systems of internal control
3. Compliance with laws, rules, and regulations

Discussion drafts of the auditor's report should be presented at an exit conference with the appropriate JPA personnel. The purpose of this conference is to sustain effective auditor-client communication and provide a check against misunderstandings.

#### **C. Timeliness of Auditor Reports**

This section should specify when the auditor's final report is due.

#### **D. Working Papers**

Working papers should be retained by the auditor for a period of at last five (5) years, unless otherwise specified by the JPA. Such working papers should be available for review and audit by the Authority, representatives of Federal, State and or County Governments, and other individuals designated by the JPA.

#### **E. Resources to be Provided by the Authority**

1. Financial Records: Copies of current or prior years' financial statements, budgets, data processing reports, and audits must be available to the auditor.
2. JPA Assistance: The JPA should assign appropriate staff to assist the auditor by providing required information and explanations. It is not the intent of the JPA to provide staff for the purpose of pulling documents or preparing new schedules.
3. Adequate working space should be provided by the JPA.

### **V. Minimum Contents of Proposal**

Each proposal should contain at a minimum:

- A. Identification of Prospective Auditor: Name of person or firm submitting the proposal, including mailing address, telephone number, and the individual to contact for further information if necessary.

- B.* Management: Name of the lead person who will conduct the audit. The auditor should not be permitted to substitute the lead person without prior approval of the JPA.
- C.* Personnel: A description of the qualifications of all professional personnel who will be conducting the audit, including:
- A summary of similar work of audits performed,
  - A brief resume for each professional, and
  - A statement indicating to what extent each team member will be assigned to the audit.
- D.* Organization: A brief description of the firm or organization, including a summary of similar work or audits that were performed in the immediate past two years.
- E.* Subcontractors: If any subcontractors are to be used, a description of the qualifications of each person or firm and the monetary percentage of the work to be done.
- F.* Methodology: The prospective Auditor's description of the overall approach to the audit, including the work plan, specific techniques that will be used, specific administrative and operational management expertise, and auditing principles/standards that will be employed.
- G.* Conflicts of Interest: Disclosure of any past or current business or other relationship with the JPA that may have an impact upon the outcome of the audit. Include a listing of current clients that may have a financial interest in the outcome of the audit.