

**IOWA FINANCE AUTHORITY**

**REQUEST FOR PROPOSALS**

**FOR**

**AUDITING SERVICES**

## **1. INTRODUCTION**

### **1.1. Purpose**

The Iowa Finance Authority (the “Authority”), is requesting proposals from qualified certified public accounting firms for auditing services for a four year term beginning April 1, 2012 thru March 31, 2016; which includes the fiscal years ending June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015; with an option to renew for two additional years.

### **1.2. Background Information**

This RFP is designed to provide firms with the information necessary for the preparation of competitive bid proposals. The RFP process is for the Authority’s benefit and is intended to provide the Authority with competitive information to assist in the selection process.

The Authority was established in 1975 pursuant to Chapter 16 of the Code of Iowa (the “Act”), as amended from time to time, to undertake programs which assist in the attainment of qualified housing, by encouraging the investment of private capital and stimulating the construction and rehabilitation of adequate housing through the use of public financing.

By subsequent amendments to the Act, the Authority’s responsibilities have greatly expanded. The Authority administers numerous programs,, including but not limited to, Iowa Title Guaranty Program, the Home and Community-Based Revolving Loan Program, the Senior Living revolving Loan Fund, the Transitional Housing Revolving Loan Fund, the State Housing Trust Fund, the Multifamily Housing Loan Program, the Low-Income Housing Tax Credit Program, the IJOBS program, and the Home Program in the State. The Authority is also the HUD Section 8-Project Based Contract Administrator within the State of Iowa (the “State”).

The Authority issues bonds under its Single Family and Multifamily Housing Programs; the State Revolving Fund; and under the Economic Development Loan Program. The obligations issued as a result of these programs are payable only from specific revenues or assets pledged therefor and do not constitute general obligations of the State.

The Authority is a State instrumentality; therefore, the Authority’s financial statements are included in the State’s comprehensive annual financial report.

Specific programs administered by the Authority may be found at: <http://www.iowafinanceauthority1.com/InvestmentByCounty.asp>.

More detailed information, including the Authority’s historical financial statements, can be found at: <http://www.iowafinanceauthority.gov/>

## **2. ADMINISTRATIVE INFORMATION**

### **2.1. Issuing Officer**

The Issuing Officer, identified below, is the sole point of contact regarding the RFP from the date of issuance until selection of the successful firm or firms.

**Steven E Harvey**  
**Chief Operating Officer**  
**Iowa Finance Authority**  
**2015 Grand Avenue**  
**Des Moines, Iowa 50312**  
[steven.harvey@iowa.gov](mailto:steven.harvey@iowa.gov)

### **2.2. Method of Communications**

From the issue date of this RFP until announcement of the successful firm, firms may contact only the Issuing Officer via email. Verbal communications, facsimile transmissions, and hard copy documents will not be accepted.

### **2.3. Restriction on Communications**

Firms may be disqualified should they contact any Authority Board Member or employee other than the Issuing Officer regarding this RFP.

### **2.4. Access to RFP documents**

This document, amendments, questions received, and related responses will be posted at [http://www.iowafinanceauthority.gov/en/request\\_for\\_proposals/](http://www.iowafinanceauthority.gov/en/request_for_proposals/). Each firm is advised to check this website periodically.

### **2.5. Procurement Timetable**

The following dates are set forth for informational and planning purposes; however, the Authority reserves the right to change the dates.

Issue RFP on or about -	January 9, 2012
Questions and Requests for Clarification due –	January 15, 2012
Response to Questions –	January 20, 2012
Closing Date for Receipt of Bid Proposals –	February 12, 2012
Announcement of Successful Firm on or about-	March 1, 2012

### **2.6. Questions and Requests for Clarification**

Firms are invited to submit questions and requests for clarifications regarding the RFP via e-mail to the Issuing Officer on or before 11:59 pm CST, January 15, 2012. If the questions or requests for clarifications pertain to a specific section of the RFP, the page and section number(s) must be referenced. Written responses to questions and requests for clarifications will be posted to Authority's website on or before January 20, 2012. Written responses will be considered part of the RFP.

### **2.7. Amendment to the RFP**

The Authority reserves the right to amend the RFP at any time. If the amendment occurs after the closing date for receipt of bid proposals, the Authority may, in its sole

discretion, allow firms to amend their bid proposals in response to the amendment.

### **2.8. Submission of Bid Proposals**

The Issuing Officer must receive the bid proposal via email at the address set forth in section 2.1 before 11:59 pm, CST, February 12, 2012. **This is a mandatory requirement and will not be waived by the Authority.** It is the firm's responsibility to ensure that the bid proposal is received prior to the deadline. Firms must furnish all information necessary to evaluate the bid proposal at that time.

### **2.9. Costs of Preparing the Bid Proposal**

The costs of preparation and delivery of the bid proposal are solely the responsibility of the submitting firm.

### **2.10. Rejection of Bid Proposals**

The Authority reserves the right to reject any or all bid proposals, in whole and in part, received in response to this RFP. Issuance of this RFP in no way constitutes a commitment by the Authority to award a contract. This RFP process is for the Authority's benefit and is intended to provide the Authority with competitive information to assist in the selection of a firm to provide services. This RFP is not intended to be comprehensive and each firm is responsible for determining all factors necessary for submission of a comprehensive bid proposal.

### **2.11. Disqualification**

The Authority may reject proposals outright for any one of the following reasons:

- 2.11.1.** The firm fails to deliver the bid proposal by the due date and time.
- 2.11.2.** The firm states that a service requirement cannot be met.
- 2.11.3.** The firm's response materially changes a service requirement.
- 2.11.4.** The firm's response limits the rights of the Authority.
- 2.11.5.** The firm fails to include information necessary to substantiate that it will be able to meet a service requirement.
- 2.11.6.** The firm fails to respond to the Authority's request for information, documents, or references.
- 2.11.7.** The firm fails to include any signature, certification, authorization, stipulation, disclosure or guarantee requested in section 4 of this RFP.
- 2.11.8.** The firm presents the information requested by this RFP in a format inconsistent with the instructions of the RFP.
- 2.11.9.** The firm provides misleading or inaccurate responses.

### **2.12. Nonmaterial Variances**

The Authority reserves the right to waive or permit cure of nonmaterial variances in the bid proposal if, in the judgment of the Authority, it is in the Authority's best interest to do so. In the event the Authority waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP requirements or excuse the firm from full compliance with RFP specifications or other contract requirements if the firm is awarded the contract. The determination of materiality is in the sole discretion of the Authority.

### **2.13. Reference Checks**

The Authority reserves the right to contact any reference to assist in the evaluation of the bid proposal, to verify information contained in the bid proposal and to discuss the firm's qualifications.

### **2.14. Information from Other Sources**

The Authority reserves the right to obtain and consider information from other sources concerning a firm, such as the firm's capability and performance under other contracts.

### **2.15. Verification of Bid Proposal Contents**

The content of a bid proposal submitted by a firm is subject to verification

### **2.16. Bid Proposal Clarification Process**

The Authority reserves the right to contact a firm after the submission of bid proposals for the purpose of clarifying a bid proposal to ensure mutual understanding. The Authority will not consider information received if the information materially alters the content of the bid proposal. An individual authorized to legally bind the firm shall sign responses to any request for clarification. Responses shall be submitted to the Authority within the time specified in the request. Failure to comply with requests for additional information may result in rejection of the bid proposal as noncompliant.

### **2.17. Disposition of Bid Proposals**

All proposals become the property of the Authority and shall not be returned to the firm unless all bid proposals are rejected or the RFP is cancelled.

### **2.18. Confidential Treatment and Public Records and Requests**

The Authority will treat all information submitted by a firm as confidential information up to the Announcement of Successful Firm. After that announcement, all bid proposals will be open to public examination as governed by Iowa Code chapter 22.

### **2.19. Copyrights**

By submitting a bid proposal, the firm agrees that the Authority may copy the bid proposal for purposes of facilitating the evaluation of the bid proposal or to respond to requests for public records. The firm consents to such copying by submitting a bid proposal and warrants that such copying will not violate the rights of any third party. The Authority shall have the right to use ideas or adaptations of ideas that are presented in the bid proposals.

## **2.20. Release of Claims**

By submitting a bid proposal, the firm agrees that it will not bring any claim or cause of action against the Authority based on any misunderstanding concerning the information provided herein or concerning the Authority's failure, negligent or otherwise, to provide the firm with pertinent information as intended by this RFP.

## **2.21. Presentations**

Firms may be required to make a presentation of the bid proposal. The presentation, if necessary, will occur at the Authority's offices. The determination as to need for presentations, the location, order, and schedule of the presentations is at the sole discretion of the Authority.

## **2.22. Evaluation of Bid Proposals Submitted**

Bid proposals that are timely submitted and are not subject to disqualification will be reviewed in accordance with Section 5 of the RFP.

## **2.23. Choice of Law and Forum**

This RFP and the resulting contract are to be governed by the laws of the state of Iowa. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP shall be brought in the appropriate Iowa forum.

## **2.24. Restrictions on Gifts and Activities**

Iowa Code Chapter 68B restricts gifts which may be given or received by state employees and requires certain individuals to disclose information concerning their activities with state government. Firms are responsible to determine the applicability of this Chapter to their activities and to comply with the requirements. In addition, pursuant to Iowa Code section 722.1, it is a felony offense to bribe or attempt to bribe a public official.

## **2.25. No Minimum Guaranteed**

The Authority anticipates that the selected firm will provide services as requested by the Authority. The Authority will not guarantee any minimum compensation will be paid to the firm or any minimum usage of the firm's services.

## **2.26. Selection Decision**

All firms submitting a proposal will be notified of the selection decision.

### **3. ARTICLE 3 – SCOPE OF WORK**

#### **3.1. Annual Audit of Financial Statements**

The firm will conduct an annual audit of the Authority's financial statements, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. The firm's responsibility is to express an opinion(s) on the Authority's financial statements based on their audits.

#### **3.2. OMB Circular A-133**

The firm will conduct financial and compliance audits of the Authority's federal programs in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The firm's responsibility is to express opinions on the Authority's compliance requirements on major federal programs.

#### **3.3. Report Preparation**

The firm will draft the basic financial statements, footnotes, and schedules using information provided by the Authority. Drafts will be submitted for the Authority's review and comment prior to issuance of the financial reports, compliance reports, and communication with the board of directors/audit committee.

#### **3.4. Report Due Date**

The audited financial statements and Independent Auditors' Report should be completed by September 30 for the year ended June 30.

#### **3.5. Report to Board of Directors / Audit Committee**

The firm's partner will report their findings and recommendations to the Authority's Board of Directors at the first regularly scheduled board meeting in November. See: [http://www.iowafinanceauthority.gov/en/about\\_ifa/iowa\\_finance\\_authority\\_board\\_of\\_directors/](http://www.iowafinanceauthority.gov/en/about_ifa/iowa_finance_authority_board_of_directors/) for a schedule.

#### **3.6. Consulting Services**

The firm will provide consultation services during the course of the year relating to proper treatment of financial transactions that are new or unusual to the Authority.

#### **3.7. FASB/GASB Services**

The firm will provide the Authority with information on current developments and emerging FASB/GASB issues that would affect the Authority's financial operations and management of its programs as well as assisting the Authority in properly implementing new FASB/GASB pronouncements.

#### **3.8. Comfort letters**

The firm will provide comfort letters, as requested by the Authority in connection with the issuance of bonds. Official Statements relating bonds contain the Authority's annual audited financial statements and Independent Auditors' Report. Turnaround is expected within a very short time frame.

**3.9. Audit schedule, work plan, and PBC listing**

The firm will provide the Authority with its audit plan and a list of all work papers to be prepared by the Authority prior to the by May 31 of each year. The Authority will prepare confirmation requests, financial statements for each fund, and all necessary supporting schedules and analyses as required.

**3.10. Work papers**

The firm will retain all work papers and reports, at the firm's expense, in accordance with industry standards and make its work papers available as requested by the Authority.

## **4. FORMAT AND CONTENT OF BID PROPOSALS**

### **4.1. Proposal format**

The bid proposal shall be submitted as a PDF document using a page size of 8.5" x 11".

### **4.2. Technical Proposal**

The following documents and responses shall be included in the bid proposal in the order given below:

**4.2.1.** A partner of the firm shall sign a transmittal letter. The letter shall include the firm's mailing address, email address, fax number, and telephone number.

**4.2.2.** The firm shall specifically agree that the bid proposal is predicated upon the acceptance of all terms and conditions stated in the RFP. If the firm objects to any term or condition, the firm must specifically refer to the RFP page, and section. Objections or responses that materially alter the RFP may be deemed non-responsive and disqualify the firm.

**4.2.3.** The firm shall sign and submit with the bid proposal the document included as Attachment No. 1 in which the firm shall certify that it developed the bid proposal independently. The firm shall also certify that no relationship exists or will exist during the contract period between the firm and the Authority that interferes with fair competition or is a conflict of interest. The Authority reserves the right to reject a bid proposal or cancel the award if, in its discretion, any relationship exists that could interfere with fair competition or conflict with the interests of the Authority.

**4.2.4.** The firm shall guarantee the availability of the services offered and that all bid proposal terms, including price, will remain firm a minimum of 90 days following the deadline for submitting proposals.

**4.2.5.** The firm shall submit a copy of your firm's most recent peer review report and indicate whether your firm has been the object of any disciplinary action taken or pending with State regulatory bodies or professional organizations during the past three years.

### **4.3. Content**

**4.3.1.** Provide the size and location of the office that will perform the audit, the number of certified public accountants, the size of the governmental audit staff, and the size of the financial institution audit staff.

**4.3.2.** Describe your firm's relevant work with financial institutions, other housing finance agencies, and government organizations. Include experience with the issuance of, and accounting for, tax-exempt bonds and related arbitrage rebate regulations.

**4.3.3.** Identify the key personnel who would be assigned to work with the Authority. Provide a brief description of each person's education and experience and in particular their involvement in audits of financial institutions, governmental units, and tax-exempt bonds.

**4.3.4.** Provide the name, telephone number, fax number, and e-mail address of the contact person who can answer any questions that the Authority may have regarding your proposal.

**4.3.5.** Provide the entity name, contact person, and telephone number for three clients for whom your firm currently serves as auditor. Please include references with structures or activity similar to the Authority's if possible.

**4.3.6.** Submit a work plan, including an explanation of the audit methodology to be followed to accomplish the Scope of Services listed in this Request for Proposals. In your description of the audit field work, indicate the number and experience of subordinate staff expected to complete the work, the expected length of time spent in the Authority's offices, and your firm's ability to add or otherwise adjust staffing due to unexpected needs or employee turnover.

**4.3.7.** Also, if your firm has not audited the Authority in prior years, please include in your plan the method and amount of time expected of (1) your firm and (2) Authority staff in familiarizing your firm with the Authority's programs, bond documents, accounting practices, and applicable federal and State laws and regulations. In addition, what arrangement does your firm propose to accommodate the change in auditors, particularly since the financial reports cover two fiscal years? Please note whether the fee schedule in 4.4 below includes your firm's costs related to this transition (including any costs of the prior auditing firm), or if the Authority will be billed separately (if so, please describe and provide your best estimate).

**4.3.8.** Describe any changes you would recommend to the enclosed financial statements and related footnotes in terms of format, accounting treatment, or disclosure, and your reasons for making the recommendation.

#### **4.4. Fees and Expenses**

Provide fee schedules for the following services (if determined on an hourly basis, please state the hourly rates for each member of the audit team and the expected total hours or dollar amount, and indicate the firm's willingness to cap the amounts):

**4.4.1.** Completion of the audit, Independent Auditors' Reports and communication with audit committee letter.

**4.4.2.** Completion of the Single Audit Act of 1984 and OMB Circular A-133 compliance reports in connection with federal grants received directly by the Authority. You may state a range of fees based on the complexity of the program.

**4.4.3.** Consulting or assistance with unusual activity of the Authority, such as a bond refunding and defeasance or implementing new FASB/GASB pronouncements. You may state a range of fees based on the complexity of the event.

**4.4.4.** If you expect to bill separately for out-of-pocket expenses, please so state, indicate the types of expenses and estimated amounts, and indicate your willingness to cap those costs. Explain whether the fee schedules will remain constant over the term of the contract or if, and in what manner, they will increase from year to year.

## **5. EVALUATION OF BID PROPOSALS**

### **5.1. 5.1 Introduction**

The Authority's financial statements are closely evaluated by rating agencies, bond investors, bond insurers, and other entities. Therefore, selection of a firm to serve as auditor as described herein will be based on related expertise, experience, expected service, and cost. The winning proposal may not necessarily be the lowest cost proposal.

### **5.2. Evaluation Steps**

The evaluation and award process shall consist of the following:

- a. Review of the bid proposals to assess compliance with mandatory requirements;
- b. Evaluation of ability to deliver required services;
- c. Evaluation of technical proposals;
- d. Evaluation of cost proposals;
- e. Integration of technical proposal and cost proposal into an Evaluation Committee recommendation; and
- f. Award decision.

### **5.3. Evaluation Committee**

The Authority intends to conduct a comprehensive, fair and impartial evaluation of bid proposals received in response to this RFP. The Authority will use an Evaluation Committee to review and evaluate the proposals. The Evaluation Committee will make a recommendation to the Authority's Executive Director, who will make the final selection. The Executive Director is not bound by the Evaluation Committee's recommendation.

### **5.4. Evaluation Criteria**

The Evaluation Committee will evaluate all proposals and make an award recommendation to the Board of Directors using the following criteria:

**5.4.1.** The firm's experience and qualifications in providing auditing services similar to those outlined in this RFP and the experience of assigned staff will account for 40%.

**5.4.2.** The firm's capacity to meet the Authority's audit requirements, the manner in which the firm's proposal has addressed the required items included in this RFP, and the firm's ability to meet the needs of the Authority will account for 30%.

**5.4.3.** The firm's fee proposal will be evaluated in relation to other fee proposals received and account for 30%. The winning proposal may not be the proposal with the lowest cost.

## **6. CONTRACT TERMS AND CONDITIONS**

### **6.1. Contract Terms and Conditions**

The Authority will include the contract terms and conditions in the award letter sent to the winning firm. The resulting contract will consist of the following: the terms and conditions of this RFP, the offer contained in the firm's proposal, and other terms necessary for completing the services outlined in this RFP. The Authority may negotiate compensation of the selected firm and may renegotiate such compensation if conditions warrant.

### **6.2. Contract Length**

The contract between the Authority and the firm shall be for a three year term with three one-year options to renew; however, if the firm fails to substantially comply with the specifications contained in this Request for Proposals, or the Authority is not satisfied with the quality of the work, then the Authority reserves the right to terminate the engagement after completion of any audit year upon written notice to the firm.

**Attachment #1**

Date

Steven E Harvey, Issuing Officer  
Iowa Finance Authority  
200 Grand Avenue  
Des Moines, Iowa 50312  
Fax (515) 242-4991

Re: Request for Proposal for Auditing Services

**CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST**

Dear Mr. Harvey:

By submitting a proposal in response to the Request for Proposals (RFP) for Auditing Services, the undersigned certifies the following:

1. The proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the Authority who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
2. The proposal has been developed independently, without consultation, communication or agreement with any other firm or parties for the purpose of restricting competition.
3. Unless otherwise required by law, the information found in the proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly, to any other firm.
4. No attempt has been made or will be made by (Name of Firm) to induce any other firm to submit or not to submit a proposal for the purpose restricting competition.
5. No relationship exists or will exist during the contract period between (Name of Firm) and the Authority that interferes with fair competition or is a conflict of interest.

Sincerely,

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Name and Title