

Request for Proposal and Proposal Preparation Instructions

**FEDERAL PORTION OF THE
TEXAS STATEWIDE SINGLE AUDIT**

November 3, 2021

Texas State Auditor’s Office
Request for Proposal (RFP)
for

Performing the Federal Portion of the Texas Statewide Single Audit

Issued: November 3, 2021

Receipt of Proposal Deadline: 5:00 p.m. (CST), December 17, 2021

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Failure to complete and return all requested documentation in compliance with the Preparation Instructions may result in disqualification of a proposal.

Persons who need accommodation under the Americans with Disabilities Act shall contact the State Auditor’s Office Contract Administrator after the request for proposal posting date and fully describe the accommodations necessary.

Part 1

**Request for Proposal - Overview, Published in
the *Electronic State Business Daily***

State Auditor's Office

REQUEST FOR PROPOSAL

Notice of Invitation for Proposal: The State Auditor's Office (SAO) invites proposals for auditing services for the purposes of performing the federal portion of the Texas Statewide Single Audit (Single Audit), as described in more detail below. **Although the services described in this request comprise the full extent of the services for which the SAO may contract, the SAO will consider proposals that include any portion or combination of services included in this request.**

General Information: The Single Audit is an annual audit for the State of Texas. It is conducted so that the State may comply with the Single Audit Act of 1984 and Single Audit Act Amendments of 1996, hereinafter referred to as "the Act" and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit scope includes the State's Annual Comprehensive Financial Report, the Schedule of Expenditures of Federal Awards, internal control, compliance, follow-up on prior audit findings, and the submission of the Data Collection Form, as required by the Uniform Guidance.

The SAO will evaluate proposals submitted in response to this request for proposal (RFP) to determine whether to enter into a contract to perform the federal portion of the Single Audit, as described in more detail below. All terms of a proposal, specifically including price, are subject to negotiation by the SAO. The SAO expressly reserves the right to continue to perform the federal portion of the Single Audit if, in its sole discretion, the SAO determines that it would be more effective and efficient to do so, price and other factors being considered.

Proposer(s) selected for this engagement would be expected to conduct the federal portion of the Single Audit in accordance with requirements as set forth in the Act and all applicable rules and regulations. The SAO will continue to perform the audit work related to the audit of the State's Annual Comprehensive Financial Report. In addition, the SAO plans to conduct federal compliance work for a portion of the programs each year, estimated to be up to approximately 30 percent of the total projected hours to complete the federal compliance work, to be selected by the SAO. The percentage of work to be completed by the SAO is only an estimate and is subject to change pending the final terms of any contract. A proposer must sign the opinion on federal compliance and, therefore, should consider the need to fulfill the responsibilities of the group engagement team in accordance with the American Institute of Certified Public Accountants' (AICPA) *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) AU-C 600* to complete the work necessary to issue that opinion. In addition, the SAO will serve as the group engagement team for the financial portion of the Single Audit and will issue the auditor's opinion on the Schedule of Expenditures of Federal Awards, based on audit test work performed by both the contractor and the SAO. Therefore, the proposer selected for this engagement will act as a component auditor for work supporting the opinion on the Schedule of Expenditures of Federal Awards. For purposes of the Single Audit, the State of Texas is defined as all agencies; departments; higher education institutions; and other entities of the executive, legislative, and judicial branches of the Texas state government (state entities).

Although most state entities are headquartered in Austin, Texas, the engagement will require a certain amount of travel to state agencies' offices and higher education institutions at various locations in the state. When selected as major programs, the Student Financial Assistance (SFA) and Research and Development (R&D) clusters require the most travel. Audit work at approximately 20 SFA sites and 10 R&D sites may be required to obtain sufficient coverage of those clusters.

Summary of the Audit Deliverables: A proposer selected for this engagement would be responsible for planning (including the determination of major programs), conducting, and reporting the federal portion of the Single Audit, and for providing the following:

1. The following items specified in the Single Audit reporting requirements:
 - a) Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
 - b) Schedule of Findings and Questioned Costs – Specifically, Section 1, Summary of Auditor’s Results for Federal Awards, and Section 3, Federal Award Findings and Questioned Costs.
 - c) Summary Schedule of Prior Year Audit Findings.
 - d) Management’s Corrective Action Plan for federal findings.
 - e) Completion of finding references and corrective action plans for programs audited by proposer for Parts III and IV of the Data Collection Form.
2. A summary of Schedule of Expenditures of Federal Awards audit adjustments by agency name and number, state fund name and number, Assistance Listing Number (ALN) (formerly known as Catalog of Federal Domestic Assistance [CFDA] number), and account number using the Office of the Comptroller of Public Accounts’ statewide consolidation chart of accounts. Audit adjustments are due to the SAO as they are identified throughout each year of the contract, but no later than December 21.
3. A summary of any contingent liabilities related to federal awards existing as of August 31 for each period audited.
4. Subsequent events related to federal awards between August 31 and the opinion date for the Schedule of Expenditures of Federal Awards.
5. A summary of information technology systems tested by state entity and the results of testing.

Deliverables in electronic format must be provided to the SAO no later than February 22 of each year of the contract period, and deliverables in hard-copy format must be provided to the SAO no later than February 24 of each year of the contract period, or as specified in the proposal preparation instructions below, or earlier if required to meet a changed deadline as required by the U.S. Office of Management and Budget or state law for Single Audits. A more complete description of the audit engagement and deliverables will be included in the proposal preparation instructions.

Additional Information Concerning the Requested Services: To ensure that all proposers have the same information and instructions concerning the preparation of proposals, all communications between proposers and the SAO prior to the closing date of receipt of proposals must be in writing.

All questions or requests for additional information should be in written form and directed to the Contract Administrator in the following manner:

By email:

ProposalSubmission@sao.texas.gov with “Single Audit Question/Request (Date)” in the subject line.

By mail:

Single Audit Question/Request

Ms. Lisa Ayotte
State Auditor’s Office
1501 North Congress Avenue
Fourth Floor
Austin, Texas 78701

The SAO must receive all questions or information requests no later than 5:00 p.m. (CST) on November 29, 2021. If the SAO determines that a response is warranted, the question received and the SAO's written response will be posted on the SAO's Web site in the area called "Business Opportunities" on or about December 1, 2021.

If the SAO considers it necessary or advisable, proposers will be required to make oral presentations to the SAO or will otherwise be required to respond to specific questions concerning proposal design and content. A proposer's preparation and submission of a proposal or subsequent participation in presentations or contract negotiations creates no obligation by the SAO to award a contract or to pay any associated costs.

Closing Date of Receipt of Proposals: Proposals to provide the requested audit services may be hand-delivered to the State Auditor's Office at the Robert E. Johnson State Office Building, 15th Street and Congress Avenue, fourth floor reception area, Austin, Texas, between the hours of 8:00 a.m. and 5:00 p.m. (CST), Monday through Friday, or may be sent by commercial carrier to the address specified above. Only proposals documented as being received prior to 5:00 p.m. (CST) on December 17, 2021, will be considered. It shall be the proposer's responsibility to ensure that appropriate documentation of receipt is obtained.

Selection Process: In evaluating proposals, the SAO will consider:

- The demonstrated independence, competence, knowledge, and qualifications of the proposer as a whole and of the professional staff who will work on the engagement.
- The proposer's experience and technical expertise in performing the Single Audit.
- The extent to which the proposal accomplishes the purpose and specifications of this RFP and preparation instructions.
- The reasonableness of costs for the services proposed.

The SAO has determined that subcontracting opportunities are probable under this solicitation. Therefore, the proposer's response must include a HUB Subcontracting Plan. Historically underutilized businesses are encouraged to submit or participate in the submission of a proposal.

When other considerations are equal, a proposer whose principal place of business is within the state of Texas, or that will manage the engagement within the state of Texas, will be given preference.

Project Timing: Contingent upon the successful negotiation of a contract, the selected proposer will conduct the federal portion of the State's Single Audit for the fiscal year ending August 31, 2022, and at the SAO's option, the fiscal years ending August 31, 2023, and August 31, 2024. As noted above, contract deliverables in electronic format must be provided to the SAO no later than February 22 of each year of the contract period, and contract deliverables in hard-copy format must be provided to the SAO no later than February 24 of each year of the contract period unless, as noted above, there is a state or federal change in the deadline for submission of the Single Audit.

General Terms and Conditions: The SAO reserves the right to accept or reject any (or all) proposals submitted and to negotiate on all terms of a proposal, including price. The information contained in this RFP is intended to serve only as a general description of the services desired. Additional terms and conditions related to this RFP will be provided in the proposal preparation instructions.

The SAO will use the responses hereto as a basis for further negotiation of specific details with proposers. Issuance of this RFP creates no obligation by the SAO to award a contract or to pay any costs incurred in the preparation of a proposal.

Any proposal that is copyrighted will not be considered, nor will any proposal marked confidential or proprietary in its entirety. All proposals are subject to the Texas Public Information Act, Chapter 552, Texas Government Code. Any portions of a proposal that may be excepted from disclosure under the Texas Public Information Act must be clearly identified and the reason for the exception must be clearly stated. If portions of a proposal are marked as excepted from disclosure, the SAO will notify the proposer upon receipt of a Texas Public Information Act request for the proposal, as required by the Texas Public Information Act, and submit the marked portions of the proposal to the Office of the Attorney General for a decision regarding their release. However, proposers will be responsible for briefing the Office of the Attorney General on any exceptions being claimed.

Issued in Austin, Texas, November 3, 2021.

Part 2

Preparation Instructions,

Published in the *Electronic State Business Daily*

PREPARATION INSTRUCTIONS

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PREPARATION INSTRUCTIONS

SECTION 1: OVERVIEW

1.1 Introduction

The State Auditor's Office (SAO) is providing these instructions to assist proposer(s) in preparing a proposal to provide auditing services to fulfill requirements of the Single Audit Act of 1984 and Single Audit Act Amendments of 1996, hereinafter referred to as "the Act." Contingent upon the successful negotiation of a contract, the proposer selected will conduct the federal portion of the State's Single Audit for the fiscal year ending August 31, 2022, and at the SAO's option, the fiscal years ending August 31, 2023, and August 31, 2024.

Although the services described in this request comprise the full extent of the services for which the SAO may contract, the SAO will consider proposals that include any portion or combination of services included in this request.

The State's Single Audit is an annual audit for the State of Texas. It is conducted so that the State may comply with the Act and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The audit must be conducted in accordance with Generally Accepted Government Auditing Standards. The Single Audit's scope includes the State's Annual Comprehensive Financial Report (ACFR), the Schedule of Expenditures of Federal Awards, internal control, compliance, follow-up on prior audit findings, and submission of the Data Collection Form, as described in the Uniform Guidance.

1.2 Background

The documents listed below reflect requirements of the Act, Uniform Guidance, and interpretations by the American Institute of Certified Public Accountants (AICPA) audit guide entitled *Government Auditing Standards and Single Audits*. The State is required to submit the following to the federal government:

1. The State of Texas financial statements as presented in the Annual Comprehensive Financial Report, with auditor's opinion.
2. Auditor's report on internal control over financial reporting and on compliance.
3. Auditor's report on compliance applicable to each major program and report on internal control over compliance in accordance with the Uniform Guidance.
4. Schedule of expenditures of federal awards.
5. Auditor's opinion on the schedule of expenditures of federal awards in relation to the State of Texas financial statements.
6. Schedule of findings and questioned costs.
7. Corrective action plan.
8. Summary schedule of prior audit findings.
9. Data Collection Form.

The SAO will evaluate proposals submitted in response to the request for proposal (RFP) to determine whether to enter into a contract to perform the federal portion of the Single Audit, as described in more detail below. All terms of a proposal, specifically including price, are subject to negotiation by the SAO.

The SAO expressly reserves the right to continue to perform all or part of the federal portion of the Single Audit if, in its sole discretion, it determines that it would be more effective and efficient to do so, price and other factors being considered.

A proposer selected for this engagement would be expected to conduct the federal portion of the Single Audit in accordance with requirements as set forth in the Act and all applicable federal rules and regulations. The SAO will continue to perform the audit work related to financial reporting. In addition, the SAO plans to conduct the federal compliance work for a portion of the total programs each year, estimated to be up to approximately 30 percent of the projected total effort in federal compliance, to be selected by the SAO. The percentage of work to be completed by the SAO is an estimate only and is subject to change pending the final terms of any contract. In addition, the SAO will issue the opinion on the Schedule of Expenditures of Federal Awards. In preparing a proposal, proposer(s) should consider the need to coordinate with the SAO on this work.

For purposes of the Single Audit, the State of Texas is defined as all agencies; departments; higher education institutions; and other entities of the executive, legislative, and judicial branches of Texas state government, hereinafter referred to as “state entities.”

The following state entities, which are component units of the State, currently obtain their own Single Audits: the Texas A&M University Research Foundation and the Boll Weevil Eradication Foundation of the Department of Agriculture.

Portions of funds under certain federal programs are passed through by the recipient state entities to other state entities and non-state subrecipients. Non-state subrecipients are outside the scope of this engagement.

Although most state entities are headquartered in Austin, Texas, the engagement will require a certain amount of travel to state agencies’ offices and higher education institutions at various locations in the State.

SECTION 2: INSTRUCTIONS TO PROPOSERS

2.1 Communications with Proposers

To ensure that all proposers have the same information and instructions concerning the preparation of proposals, all communication with prospective proposers prior to the closing date for receipt of proposals shall be in writing.

All questions or requests for additional information should be in written form and directed to the Contract Administrator in the following manner:

By email:

ProposalSubmission@sao.texas.gov with “Single Audit Question/Request (Date)” in the subject line.

By mail:

Single Audit Question/Request

Ms. Lisa Ayotte
State Auditor's Office
1501 North Congress Avenue
Fourth Floor
Austin, Texas 78701

The SAO must receive all questions or information requests no later than 5:00 pm (CST) on November 29, 2021. If the SAO determines that a response is warranted, the question received and the SAO's written response will be posted on the SAO's Web site in the area entitled "Business Opportunities" on or about December 1, 2021.

If the SAO considers it necessary or advisable, proposers will be required to make oral presentations to the SAO, or they will be required to otherwise respond to specific questions concerning proposal design and content. A proposer's preparation and submission of a proposal or subsequent participation in presentations or contract negotiations creates no obligation by the SAO to award a contract or to pay any associated costs.

2.2 Award/Negotiation of Contract

The SAO expressly reserves the right to award a contract for all or some of the work listed in the RFP specifications, award multiple contracts, reject any and all proposals submitted, resolicit proposals, or temporarily suspend or cancel the procurement process at any time if the SAO deems such action is in the best interests of the State of Texas. The SAO also reserves the right to negotiate with proposer(s) any additions, deletions, or modifications to the contract for the federal portion of the Single Audit.

2.3 Proposal Design and Content

The proposal should be prepared in language that makes performance of the work contemplated by the proposer mandatory (e.g., "[Name of Firm] shall") and suitable for use as an attachment to any resulting contract so as to legally bind the proposer to performance of the specific work being proposed.

Conciseness and clarity of content are emphasized and encouraged. Vague and general proposals may be disqualified. Failure to provide the required information may also result in disqualification. The SAO reserves the exclusive right to determine compliance with these requirements and to exclude from consideration proposals that, in its judgment, do not so conform.

All documents submitted in response to this RFP become the property of the SAO. The SAO reserves the right to use, reproduce, or distribute such documents as it deems necessary to evaluate the proposals. Any proposal that is copyrighted will not be considered, nor will any proposal marked confidential or proprietary in its entirety. All proposals are subject to the Texas Public Information Act, Chapter 552, Texas Government Code. At the time of submission of its proposal, a proposer must clearly mark any information it considers to be exempted from disclosure under the Texas Public Information Act and set forth with specificity any applicable exception to disclosure. Failure to so designate will result in the presumption that all information submitted is public information. If the SAO receives a request for any information that a proposer has marked as exempted from disclosure, the SAO will notify the proposer, as required by the Texas Public Information Act, and forward the request and the marked information to the Office of the Attorney General for a decision. The SAO makes no representation or warranty that such information can or will be withheld from disclosure, nor will the SAO brief the Office of the Attorney General on behalf of the proposer.

Organization of Proposal Contents

Proposals must be designed to cover the content requirements identified in this section (Section 2.3) of the instructions. All pages of the proposal should be numbered. Proposals should be presented on white, letter-size (8-1/2" x 11") paper and submitted in loose-leaf, three-ring binders with sections divided by labeled tabs for ease of reference. Each proposal should be organized in the manner described below:

- A. Transmittal Letter
- B. Table of Contents
- C. Executive Summary
- D. Detailed Plan of Work
- E. Schedule
- F. Proposer Identifying Information
- G. Proposer Experience
- H. Engagement Personnel
- I. Engagement Costs
- J. Additional Assurances
- K. Historically Underutilized Business (HUB) Subcontracting Plan Requirements
- L. Examples Demonstrating Proposer's Capability to Perform the Engagement

A. Transmittal Letter

The proposal must include a brief transmittal letter identifying the proposer and specifying that the proposal is submitted in response to the RFP issued by the SAO for the federal portion of the Single Audit.

The proposal must be signed and dated by the person authorized to execute the contract and should contain the following statement:

“This proposal will remain in force and effect until, and may be accepted by the State Auditor’s Office at any time prior to, August 31, 2022.”

B. Table of Contents

The proposal must include a table of contents.

C. Executive Summary

The proposer must provide an executive summary of its proposal that consists of a brief narrative overview of the services proposed. The executive summary also should identify any services to be provided that are beyond those specifically requested. If the proposer proposes to provide services that do not meet the specific requirements of this RFP, but in the opinion of the proposer are equivalent or superior to those specifically requested, any such differences must be expressly noted. However, the proposer should recognize that a proposal that does not respond to the specific services requested may be subject to disqualification.

D. Detailed Plan of Work

The proposal must include a plan of work to perform and complete the specific responsibilities and deliverables described in Section 3.2 of the Preparation Instructions. The plan of work must describe in detail the methodology to be employed by the proposer to perform the requested services. The detailed plan of work should separately address each phase (planning, fieldwork, and reporting) of the engagement by federal program to be audited. The proposer should describe the level and nature of support needed

from the SAO and state entities' staff and management for successful completion of each phase of the engagement. The proposer should describe the ways in which the proposer intends to coordinate with the SAO and other state entities to avoid duplication of effort.

E. Schedule

Pending negotiation of final engagement details, in preparing its proposal, the proposer must provide a schedule of the performance for each phase of work in accordance with the engagement deadline specified in Section 3.2 of the preparation instructions.

F. Proposer Identifying Information

The proposal must identify the legal entity submitting the proposal by providing the name and address of its principal office or headquarters. The proposal should specify the address of the office(s) from which the engagement will be managed.

The proposal must include the name, title, address, email address, and telephone number of the following personnel:

- The person authorized to answer questions concerning the proposal and to negotiate the terms of a contract. The proposal should state that this person will be available and accessible to the SAO or its designee(s) throughout the period of contract negotiations.
- The person authorized to execute the contract on behalf of the proposer, with specific reference to any documents necessary to evidence such authority (e.g., articles of incorporation, bylaws, partnership agreement, etc.).

The proposal must identify proposed subcontractor(s), if any, and clearly outline the work to be performed by such subcontractor(s). An official of each proposed subcontractor must sign, and include as part of the response to the RFP, a statement to the effect that the subcontractor has read and agrees to abide by the proposer's obligations. The proposal should provide that the proposer understands and agrees that the SAO will look solely to the proposer for performance of the contract and that the proposer agrees to indemnify the SAO and hold the SAO harmless from any claim asserted by or against the proposer's subcontractors in connection with this engagement.

G. Proposer Experience

The proposal must describe the:

- Proposer's assessment of ability to meet the independence standards, including a schedule of all non-audit services performed for the State and explanation of why independence is not affected.
- Demonstrated competence, knowledge, and qualifications of the proposer as a whole, including, but not limited to, results of external quality control and peer reviews.
- Proposer's experience and technical expertise in performing federal compliance auditing in general and specific experience in performing a large government Single Audit.

The proposer also must include a list of references with current contact information related to comparable engagements.

To demonstrate its capability to perform the requested services, the proposer must include under tab L of the proposal copies of reports or other documentation that evidence work performed in no more than two comparable engagements.

H. Engagement Personnel

The proposal must identify the person who will have responsibility for management of the engagement. The proposal should state that this person will be available and accessible to the SAO or its designee(s) throughout the period of the contract. The proposal shall list all personnel at the management and supervisory level whom the proposer proposes to use in performing the engagement, including subcontractors. The list should identify by engagement phase such personnel by name, title, engagement role, expected level of participation, and expected location of participation (proposer offices, agency offices, etc.).

The proposal must identify the educational attainments, professional experience, and other qualifications of each of the above-referenced personnel, insofar as these are relevant to the proposed work to be performed by such personnel. Prior experience with work similar to that requested in this RFP should be separately detailed for each of the personnel. The information required by this paragraph may be included in résumés or similar documents, which should be submitted under tab H of the proposal.

I. Engagement Costs

The reasonableness of costs for the services will be considered in the decision concerning the award of a contract.

Cost for each phase (planning, fieldwork, and reporting, by federal program) of the engagement must be calculated separately. The proposed budgets for each phase of the engagement should be based upon the cost of each phase separated out by the following line items:

- Personnel costs (including hours and hourly rates)
- Travel costs
- Ancillary costs
- Anticipated subcontractor costs (including hourly rates)

Costs for the engagement should be calculated with precision and will represent a firm proposal on the part of the proposer to provide the requested services of the engagement. If the proposal includes the full scope of services contained in this request, the costs should be estimated based on conducting the entire federal portion of the Single Audit. If a contract is awarded, it will include arrangements to adjust the engagement costs for programs that the SAO will audit, estimated to be up to approximately 30 percent of the total effort related to federal compliance. If the services included in the proposal are less than the full scope of services contained in this request, the services to be performed should be clearly identified and the costs of those services will represent a firm proposal on the part of the proposer to provide those services.

A proposer selected for this engagement will be required to report all billing costs on a monthly basis by federal program and by state entity.

J. Additional Assurances

The proposer must include assurances that:

- All books, audit documentation, records, and other documents related to this contract will be retained for eight years after final payment is received under the contract or as required by the Uniform Guidance, whichever period is longer.
- The SAO or its designee(s), or federal representatives as specified in the Uniform Guidance, shall have complete and unrestricted access to any written reports, audit documentation, electronic data, documentation of charges under the contract, or other information prepared in association with

performance under the contract, and the items mentioned above will be made available at SAO headquarters upon request.

- The proposer will coordinate with the SAO to reduce audit work whenever possible.
- The proposer will not assert any rights at common law or in equity or establish any claim to statutory copyright on any material or information developed under this contract.
- The proposer acknowledges that signing a proposal that contains a false statement shall be considered a material breach that will void any resulting contract and may result in the SAO notifying the Office of the Comptroller of Public Accounts for the purpose of its review regarding the proposer's participation in the Centralized Master Bidders List.
- Neither the proposer nor its principals is presently debarred, suspended, proposed for debarment; declared ineligible; or voluntarily excluded from participation in the proposed engagement by any federal department or agency.
- All terms and conditions listed in the proposal will be met.
- The proposer has not given, has not proposed to give, and does not intend to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted proposal.
- The proposer has not received compensation for participation in the preparation of the specifications for this proposal.
- The proposer shall defend, indemnify, and hold harmless the State of Texas, and all of its officers, agents, and employees, from and against all claims, actions, suits, demands, proceedings, costs, damages, or liabilities arising out of, connected with, or resulting from any acts or omissions of the proposer or any agent, employee, or subcontractor rendering performance under the contract.
- The SAO will receive notice and invitation to attend all entrance and exit conferences with the various state entities at least three working days in advance of the conferences.
- The SAO will receive notice and invitation to attend all meetings at which reportable findings are discussed with the various state entities at least 24 hours in advance of the meetings.
- The SAO will receive, at its office, monthly status briefings from June to February of each year of the contract that specifically identify the work accomplished and any preliminary findings and recommendations developed during the reporting period. The proposer selected will prepare agendas/schedules for the briefings that outline the status of its work.
- The SAO will receive other briefings or reports as may reasonably be required by the SAO.
- Responsibilities under a resulting contract will continue until all reports, documents, and the engagement quality are acceptable to federal, state, or other engagement review entities, including the federal review as specified by the Uniform Guidance.
- Any revisions to the detailed plan of work submitted by the selected proposer must be approved in writing by the SAO.
- The audited entities will have the opportunity to review and comment upon preliminary findings and recommendations throughout the course of the engagement.
- The proposer is properly licensed by Texas for public practice as a certified public accountant or as a public accountant.
- The proposer meets the independence and continuing education requirements of *Government Auditing Standards* (published by the U.S. Governmental Accountability Office).
- The proposer is not restricted from performing the engagement by the Uniform Guidance, Section 200.509.
- The proposer has disclosed any disciplinary actions imposed by the Texas State Board of Public Accountancy in the five-year period preceding the submission of the proposal.

K. Historically Underutilized Business (HUB) Subcontracting Plan Requirements

The SAO has determined that subcontracting opportunities are probable under this solicitation. Therefore, the proposer's response must include a HUB Subcontracting Plan (HSP) as prescribed by the Office of the Comptroller of Public Accounts (Comptroller's Office). Additional information regarding HSP requirements, including HSP forms, can be found on the Comptroller's Office's website at: <https://comptroller.texas.gov/purchasing/vendor/hub/forms.php>

Responses containing an incomplete or missing HSP will be disqualified.

Historically underutilized businesses are encouraged to submit or participate in the submission of proposals.

L. Examples Demonstrating Proposer's Capability to Perform the Engagement

As described at Section 2.3 (G) of the preparation instructions, the proposer shall include examples that demonstrate its capability to perform this engagement. The proposer shall specifically include documentation to demonstrate the ability to meet independence standards and a description of how any future independence impairments would be resolved.

2.4 Validation of Proposals and Selection Procedure

By submitting a proposal, the proposer understands and agrees to permit the SAO or its designee(s) to validate any aspect of the proposal submitted. Validation may consist of interviews, onsite visits, review of records, and/or confirmation with third parties. If a proposal cannot be validated, the proposal may be considered non-responsive and subject to rejection by the SAO.

Selection Process

In evaluating proposals, the SAO will consider:

- The demonstrated independence, competence, knowledge, and qualifications of the proposer as a whole and of the professional staff who will work on the engagement.
- The proposer's experience and technical expertise in performing the Single Audit.
- The extent to which the proposal would accomplish the purposes and specifications of this RFP and Preparation Instructions.
- The reasonableness of costs for the services proposed for the engagement.

When other considerations are equal, a proposer whose principal place of business is within the state of Texas, or that will manage the engagement from an office within the state of Texas, will be given preference.

2.5 Time, Place, and Method for Delivery of Proposals

Proposals to provide the requested audit services may be:

- Hand-delivered to the State Auditor's Office at the Robert E. Johnson Building, 1501 North Congress Avenue, fourth floor reception area, Austin, Texas 78701, between the hours of 8:00 a.m. and 5:00 p.m. (CST), Monday through Friday;
- Sent by commercial carrier to: Texas Single Audit Proposal, State Auditor's Office, P.O. Box 12067, Austin, Texas, 78711-2067, Attention: Lisa Ayotte between the hours of 8:00 a.m. and 5:00 p.m. (CST), Monday through Friday; or

- Submitted electronically at ProposalSubmission@sao.texas.gov.

If a hard copy of the proposal is being submitted, one original and four copies of the proposal must be submitted in accordance with the criteria specified in Section 2.3 of the preparation instructions. Proposals submitted electronically via email do not require multiple copies. Submissions by facsimile (FAX) will not be accepted.

Only those proposals documented as being received prior to 5:00 p.m. (CST) on December 17, 2021, will be considered. It shall be the proposer’s responsibility to ensure that appropriate documentation of receipt is obtained.

2.6 Key Events Schedule*

Request for Proposal Issued (<i>Electronic State Business Daily</i>)	November 3, 2021
Deadline for Submission of Questions to the SAO	November 29, 2021
Answers to Questions Submitted Posted on the SAO’s Web site	December 1, 2021
Proposal Submission Deadline	December 17, 2021
Award Contract (estimated date contingent on successful negotiation with the selected proposer)	February 25, 2022
Contract Effective Date	April 1, 2022

* *Dates may be revised at the SAO’s discretion.*

SECTION 3: SPECIFICATIONS AND REQUIREMENTS

3.1 General

The proposer selected for this engagement must have significant experience with performing large government Single Audits. The scope of the work will include planning (including determination of major programs), conducting fieldwork, and reporting in accordance with the Act and Uniform Guidance. The proposer selected will be responsible for auditing and reporting on controls and compliance with regard to state-administered federal programs. The proposer must describe, in the detailed plan of work, how it would ensure that the State’s Single Audit reports will be accepted by the federal government and by the federal quality control reviewers or other federal officials.

The proposer must comply with all relevant requirements, standards, and publications applicable to the Single Audit.

3.2 Specific Responsibilities and Deliverables

The proposer must describe, in the detailed plan of work, the methodology to be employed in performing and completing its responsibilities and deliverables.

The product of the engagement work will be the reports and documents listed below, which must comply with the Single Audit reporting requirements. Although the services described in this request comprise the full extent of the services for which the SAO may contract, the SAO will consider proposals that include any portion or combination of services included in this request.

The Contractor shall provide the following deliverables in electronic format no later than February 22 of each year of the contract period and in hard-copy format no later than February 24 of each year of the contract period (with the exception of audit adjustments, which are due to the SAO as they are identified):

1. The following Single Audit Reporting Requirements:
 - a) Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
 - b) Schedule of Findings and Questioned Costs – Specifically, Section 1, Summary of Auditor’s Results for Federal Awards, and Section 3, Federal Award Findings and Questioned Costs.
 - c) Summary Schedule of Prior Year Audit Findings.
 - d) Management’s Corrective Action Plan for federal findings.
2. A summary of Schedule of Expenditures of Federal Awards audit adjustments by agency name and number, state fund name and number, ALN, and account number using the Office of the Comptroller of Public Accounts’ statewide consolidation chart of accounts. Audit adjustments are due to the SAO as they are identified throughout each year of the contract, but no later than December 21.
3. A summary of any contingent liabilities related to federal awards existing as of August 31 for each period audited.
4. Subsequent events related to federal awards between August 31 and the opinion date of the Schedule of Expenditures of Federal Awards.
5. A summary of information technology systems tested for each state entity and the results of testing.

The Contractor shall deliver an electronic copy of reporting items 1a through 1d listed above to the SAO. In addition, the Contractor shall create a hard-copy, bound document of the Schedule of Expenditures of Federal Awards, and items 1a through 1d for programs audited by both the Contractor and the SAO and supply the SAO with both an electronic copy and 15 hard copies of said document. The Contractor understands and agrees that the reports shall be prepared in accordance with all applicable requirements of the Act and Uniform Guidance and shall be provided by the deadline specified above.

Section 3 of the Schedule of Findings and Questioned Costs shall include the findings, recommendations, and management’s corrective action plans.

SECTION 4: INFORMATION TO ASSIST PROPOSER

4.1 Sources of Information

The following sources of information are provided to assist the proposer in preparing a responsive proposal:

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2020 (Report # 21-555) and the *State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2020* (Report #21-015) are available at <https://sao.texas.gov/>.

The fiscal year 2020 State of Texas federal Data Collection Form is available at <https://harvester.census.gov/facdissem/Main.aspx> (select search for Single Audits, enter “STATE OF TEXAS C/O COMPTROLLER OF PUBLIC ACCOUNTS” as the auditee name and review results).

The fiscal year 2020 State of Texas Comprehensive Annual Financial Report and the fiscal year 2020 Summary of Federal Expenditures by State Agency are available at

<https://comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/>, and https://fm.xcpa.state.tx.us/fm/pubs/fed_sched/index.php, respectively.