

**Northwest Michigan Council of Governments
dba
Networks Northwest
and
Northwest Michigan Works!, Inc.**

**Request for Proposal
For Audit Services**

For the Period

October 1, 2019 through September 30, 2022

DIRECT INQUIRIES AND PROPOSALS TO:

Darla Rowland, Director of Finance & Quality Assurance
Networks Northwest
600 E. Front St, Suite 104
PO Box 506
Traverse City, MI 49685-0506

231.929.5020

Proposal Guidelines

Table of Contents

I. GENERAL INFORMATION	1
A. Purpose.....	1
B. Who May Respond	1
C. Bidder's Conference	1
D. Instructions on Proposal Submission.....	1
E. Description of Entities and Records to be Audited	2
F. Options.....	2
II. SPECIFICATION SCHEDULE	2
A. Scope of a Financial and Compliance Audit.....	2
B. Description of Funds	3
C. Performance	5
D. Delivery Schedule	5
E. Price	5
F. Payment.....	6
G. Audit Review	6
H. Exit Conference	6
I. Work papers.....	6
J. Confidentiality	6
K. AICPA Professional Standards.....	6
III. OFFEROR'S TECHNICAL QUALIFICATIONS	7
A. Prior Auditing Experience	7
B. Organization, Size, and Structure.....	7
C. Staff Qualifications.....	7
D. Understanding of Work to be Performed	7
E. Certifications	7
IV. PROPOSAL EVALUATION	8
A. Submission of Proposals	8
B. Nonresponsive Proposals.....	8
C. Evaluation	8
D. Review Process	9
CERTIFICATIONS	9

I. GENERAL INFORMATION

A. Purpose

This Request for Proposal (RFP) is to contract for two financial and compliance audits: an audit for the Northwest Michigan Council of Governments dba Networks Northwest; and an audit for Northwest Michigan Works!, Inc. (a nonprofit corporation) for fiscal year ending 9/30/2019. The proposal includes options for two additional years.

B. Who May Respond

Only licensed Certified Public Accountants may respond to this RFP.

C. Bidder's Conference

No bidder's conference will be held.

D. Instructions on Proposal Submission

1. Closing Submission Date

Proposals must be submitted no later than 4:00 p.m. on November 18, 2019.

2. Inquiries

Inquiries concerning this RFP should be directed to Darla Rowland at 231-929-5020.

3. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by Networks Northwest.

4. Instructions to Prospective Contractors

Your proposal should be addressed as follows:

Name: Darla Rowland
Title: Director of Finance & Quality Assurance
Entity: Networks Northwest
Address: PO Box 506
Traverse City, MI 49685-0506

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal
4:00 p.m. November 18, 2019
SEALED PROPOSAL
For Audit Service

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Offeror to insure that the proposal is received by Networks Northwest by the date and time specified above.

Late proposals will not be considered.

5. Right to Reject

Networks Northwest reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

6. Small, Minority and Women-owned Businesses

Efforts will be made by Networks Northwest to utilize small businesses, minority-owned firms, and/or women's business enterprises.

7. Notification of Award

It is expected that a decision selecting the successful audit firm will be made within two weeks of the closing date for the receipt of proposals. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed, via email, of the name of the successful audit firm.

It is expected that the contract shall be a one-year fixed price contract with options for two additional one-year periods.

E. Description of Entities and Records to be Audited

The Northwest Michigan Council of Governments dba Networks Northwest is a unit of local government in the State of Michigan organized under the Urban Cooperation Act, P.A. 7 of 1967. Networks Northwest's membership and service area encompasses the counties of Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee and Wexford. All records (including payroll) are maintained using a fund accounting software package called FundBalance. Networks Northwest maintains three bank accounts and approximately 1,700 accounts payable checks are written against those accounts per year. For the fiscal year being audited, Networks Northwest general ledger transactions equaled approximately 13,000. All backup documentation for accounting transactions is maintained on paper.

Northwest Michigan Works! Inc. (NMW) is a private nonprofit corporation that shares an administration with Networks Northwest. NWM maintains one bank account and shares the Networks Northwest's payroll bank account. During the fiscal year to be audited, NWM general ledger transactions equaled approximately 9,500 and accounts payable checks written equaled 1,000. Records for NWM are maintained using the same systems as are used for the Networks Northwest.

From 1988 until 2014, the agency had two boards. One was the NWMCOG Administrative Board, comprised of one County Commissioner from each of the ten counties. The other was the Northwest Michigan Workforce Development Board, comprised of majority private business representatives.

Although both boards retain their separate-but-related legal standing, they entered into a new agreement on October 1, 2014 whereby they operate together as a Regional Prosperity Board under Michigan's Regional Prosperity Initiative. Corresponding to the new unified board, the agency also began doing business under the name Networks Northwest.

The records to be audited will be available for review by the Offeror prior to proposal submission. Administrative offices and all records are located at 600 E. Front Street Suite 104, Traverse City, Michigan.

F. Options

At the discretion of Networks Northwest, this audit contract can be extended for two additional one-year periods. The cost for the option periods will be agreed upon by Networks Northwest and the Offeror. It is anticipated that the cost for the optional years will be based upon the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

II. SPECIFICATION SCHEDULE

A. Scope of a Financial and Compliance Audit

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror" to audit the financial statements, and perform compliance audits, of Networks Northwest and Northwest Michigan Works!, Inc.

Government Audit Standards:

The primary purpose of a financial statement audit is to provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial statement audits performed in accordance with GAGAS also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

B. Description of Funds

**NORTHWEST MICHIGAN COUNCIL OF GOVERNMENTS
dba**

Networks Northwest

Budget for Fiscal Year October 1, 2018 through September 30, 2019

Federal Grants	\$4,832,907
State Grants	2,568,661
Other Funds	918,380
TOTAL ESTIMATED EXPENDITURES	<u>\$8,319,948</u>

FEDERAL GRANTS

APPRENTICESHIP EXPANSION	52,377
ECONOMIC DEVELOPMENT ADMINISTRATION PY 18	66,812
ECONOMIC DEVELOPMENT ADMINISTRATION PY 19	28,980
MICHIGAN WORKS! SERVICE CENTERS	545,993
PATH (Partnership. Accountability. Training. Hope) TANF	725,468
PATH TANF SUPPORT SERVICES	14,300
SMALL BUSINESS DEVELOPMENT CENTER CY 18	74,015
SMALL BUSINESS DEVELOPMENT CENTER CY 19	146,130
TRADE ACT (ALL LAWS)	63,137
U.S. DEPT. OF DEFENSE - PROCUREMENT (08-2018/07-2019)	366,174
U.S. DEPT. OF DEFENSE - PROCUREMENT (08-2019/07-2020)	50,370
UI RESEA CY 18	57,444
UI RESEA CY 19	60,000
WAGNER-PEYSER EMPLOYMENT SERVICES PY 18	285,228
WAGNER-PEYSER EMPLOYMENT SERVICES PY 19	90,382
WIOA - ADULT EDUCATION AND FAMILY LITERACY PY18	141,764
WIOA - ADULT EDUCATION AND FAMILY LITERACY PY19	21,050
WIOA ADMINISTRATION PY 18	165,588
WIOA ADMINISTRATION PY 19	20,845
WIOA ADULT PY 18	535,455
WIOA ADULT PY 19	105,786
WIOA DISLOCATED WORKER PY 18	460,439
WIOA DISLOCATED WORKER PY 19	70,410
WIOA RAPID RESPONSE CRM	2,572
WIOA YOUTH PY 18	561,822
WIOA YOUTH PY 19	100,367
WORK BASED TRAINING SPECIAL POPULATIONS	<u>20,000</u>
Subtotal Federal Grants	\$4,832,907

STATE GRANTS

COMMUNITY VENTURES	322,634
GOING PRO	376,460

Networks Northwest

Audit RFP October 11, 2019

JOBS FOR MICHIGAN'S GRADUATES (JMG)	163,594
MAICA	12,462
MAT2	43,050
MICHIGAN DEPARTMENT OF TRANSPORTATION - REGIONAL WORK PLAN	120,480
MICHIGAN ECONOMIC DEVELOPMENT CORP - COLLABORATIVE DEVELOPMENT COUNCIL	120,983
MICHIGAN ECONOMIC DEVELOPMENT CORP - DEFENSE GROWTH GRANT	26,244
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION - PROCUREMENT	18,274
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION - REGIONAL EXPORT NETWORK	55,000
OFFENDER SUCCESS	708,059
PATH P&I	107,206
REGIONAL PROSPERITY INITIATIVE	327,504
RRC	18,672
SWA CAPACITY BUILDING	23,378
SWA EMPLOYER ENGAGEMENT	15,426
SWA INTEGRATED ED & TRAINING	12,216
WIOA SWA MWSC	97,017
Subtotal State Grants	<u>\$2,568,661</u>

OTHER FUNDS

ADVOCATES FOR BENZIE COUNTY	1,288
ARTS-ROTARY	850
HOUSING PARTNERSHIP	91,949
MI NONPROFIT ASSOCIATION	7,099
PASS THROUGH FOR MICHIGAN REHABILITATION SERVICES	12,150
REGIONAL PLANNING - GENERAL FUND	193,802
SBHT	214,777
SMALL BUSINESS DEVELOPMENT CENTER - CASH MATCH CY 18	16,811
SMALL BUSINESS DEVELOPMENT CENTER - CASH MATCH CY 19	31,043
TART	22,532
TC/CHARLEVOIX TART	10,208
TTCI LOCAL	12,978
U.S. DEPT. OF DEFENSE - PROCUREMENT - LOCAL MATCH	3,051
GENERAL	49,163
RESERVE FUND	25,357
LEAVE FUND	225,323
Subtotal Other Funds	<u>\$918,380</u>

NORTHWEST MICHIGAN WORKS!, INC-
Fiscal Year October 1, 2018 through September 30, 2019

Fund	Expenditures
007 NMC SHARED POSITION	813
009 CTC SHARED POSITION	162,814
010 GRAND TRAVERSE LITERACY COUNCI	9,721
011 SPECIAL USE	3,013
012 WORK KEYS/FEE FOR SERVICE	3,115
013 LAB TIME	59,332
016 BACN	7,175
017 NEWTON'S ROAD	66,719
018 MI CAREER QUEST	24,364
021 AY18 APPRENT COORD	383
022 SWA APPRENT COORD	383
023 PY17 APPRENT COORD	192
063 EMPLOYER ENGAGEMENT	18,031
080 PATH	463,148
081 DHHS TRANS	14,300
082 BRN NON PROGRAM	172
086 COMMUNITY VENTURES	202,876
084 UNITED WAY BRN	72
086 P&I	70,122
104 61A5 ISD CAREER COUNSELORS	136,502
111 OS	59,443
120 WIOA ADULT	446,133
130 WIOA DISLOCATED WORKER	311,672
140 PART- TIME WORKERS	2,135

Networks Northwest

Audit RFP October 11, 2019

145	REN	26,801
153	JMG	179,204
160	WIOA YOUTH	389,354
203	TBA AD ED	219,648
204	ADULT & FAMILY LIT	134,554
205	AD ED CAREER TECH	27,859
220	WIOA ADULT PY 19	89,295
230	WIOA DISLOCATED WORKER PY19	54,256
260	WIOA YOUTH PY19	74,608
302	107 SUPPLEMENTAL GRANT	807
303	107 ADULT ED 2019/2020	48,137
304	AFL 2019/2020	41,389
305	AD ED CAREER TECH	74,583
317	MAICA 2.0	2,539
320	APPRENTICESHIP EXPANSION GRANT	3,856
500	RESERVE FUND	3,698
777	LEAVE FUND	25,026
		\$3,458,244

C. Performance

The Offeror is to perform audits on the financial statements and records for the period of October 1, 2018 to September 30, 2019. The Offeror is required to prepare audit reports in accordance with the federal Single Audit Act (as amended) and Office of Management and Budget uniform guidance, as applicable.

D. Delivery Schedule

The Offeror is to transmit one copy of the draft audit reports to Darla Rowland, Director of Finance & Quality Assurance, Networks Northwest. The draft audit reports are due on May 1, 2020. The Offeror shall deliver 15 printed copies of the final Networks Northwest and Northwest Michigan Works! Inc. audit reports and shall include in its proposal the cost of personally presenting the report to the Networks Northwest board at their last meeting date prior to June 30th which is the 9-month deadline for federal and state submission of audits for organizations with fiscal years ending September 30. Printed audit reports for both entities, along with the audit reports in electronic format, will be delivered no later than May 18, 2020.

Reports may be submitted earlier than the above schedule. However, if Networks Northwest fails to take delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract, Networks Northwest may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

Should the Offeror provide one or more substandard audits as a result of a contract award, the Offeror will correct audit deficiencies at its own expense. If a federal or state agency disallows the costs of any audit due to a determination that the audit was not adequately completed, the Offeror will, at its own expense, reimburse Networks Northwest, and/or Northwest Michigan Works!, Inc. all costs that were disallowed, along with providing a new audit acceptable to the federal or state agency that disallowed the costs.

E. Price

The Offeror's proposed prices, including separate pricing for each entity's audit, should be submitted separately in a sealed envelope. Include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated.

The Offeror should be aware that source documentation for all financial transactions and other auditable functions are kept on paper. Should performance of the audit require production of either paper or electronic copies of source documentation, the labor required to produce such copies shall be provided by the Offeror.

F. Payment

Payment will be made when Networks Northwest has determined that the total work effort has been satisfactorily completed. Should Networks Northwest reject a report, the Networks Northwest's authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that Networks Northwest can determine that satisfactory progress is being made. Upon delivery of the copies of the final reports to Networks Northwest Director of Finance, and their acceptance and approval by the board of directors for each entity, the Offeror may submit a bill for the balance due on the contract for the audit.

G. Audit Review

All audit reports prepared under this contract will be reviewed by Networks Northwest and its respective funding sources to ensure compliance with General Accounting Office's (GAO) *Government Audit Standards* and other appropriate audit guides.

H. Exit Conference

An exit conference concerning the Networks Northwest and NWM audits will be held by the Offeror's representatives with Networks Northwest representatives at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed with Networks Northwest representatives. It should include internal control and program compliance observations and recommendations.

I. Work papers

Upon request, the Offeror will provide a copy of the work papers pertaining to any questioned costs determined in either of the audits. The work papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem. The work papers will be retained for at least six years from the end of the audit period. The work papers will be available for examination by authorized representatives of the cognizant federal audit agency, the State of Michigan, the General Accounting Office, and Networks Northwest as appropriate.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Networks Northwest and Northwest Michigan Works!, Inc., the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to those employees on the Offeror's staff who must have the information on a "need-to-know" basis. The Offeror agrees to immediately notify, in writing, the authorized representative of Networks Northwest in the event the Offeror determines or has reason to suspect a breach of this requirement.

K. AICPA Professional Standards

The AICPA Professional Standards state:

Ethics Interpretation 501-3 - Failure to follow standards and/or procedures or other requirements in governmental audits. Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefor.

III. OFFEROR'S TECHNICAL QUALIFICATIONS

The Offeror in its proposal, shall, at a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing local units of government.
2. Prior experience auditing agencies receiving Michigan Works! funds.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar County or local government activities.
5. Prior experience auditing nonprofit organizations.

The Offeror should provide at least one reference (including contact telephone numbers) from each of the five types of agencies listed above.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business or women's business enterprise. Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review.

C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience (with emphasis on experience auditing agencies receiving Michigan Works! funds), continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by Networks Northwest because Networks Northwest desires to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. Submission of Proposals

All proposals shall include two copies of the Offeror's technical qualifications, two copies of the pricing information (in a separately sealed envelope), and two copies of the signed Certifications. These documents will become part of the contract.

B. Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the *Government Auditing Standards* of the U.S. Comptroller General.

C. Evaluation

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1. <i>Prior experience auditing</i>	
a. Prior experience auditing local units of government	0-5
b. Prior experience auditing agencies receiving Michigan Works! funds	0-15
c. Prior experience auditing programs financed by the Federal Government	0-5
d. Prior experience auditing similar county or local government activities	0-5
e. Prior experience auditing nonprofit organizations	0-5
Networks Northwest will contact prior audited organizations to verify the experience provided by the Offeror.	
2. <i>Organization, size, and structure of Offeror's firm. (Considering size in relation to audits to be performed.)</i>	
a. Adequate size of the firm	0-5
b. Minority-owned/small business/women's business enterprise	0-5
3. <i>Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted, education, position in firm, years and types of experience (with emphasis on experience auditing Michigan Works Agencies), continuing professional education, and state(s) in which licensed as a CPA, etc.</i>	
a. Audit team makeup	0-10
b. Overall Supervision to be exercised	0-5
c. Prior experience of the Individual audit team members	0-10
4. <i>Offeror's understanding of work to be performed.</i>	
a. Adequate coverage	0-10
b. Realistic time estimates of each audit step	0-5

5. Price

0-15

MAXIMUM POINTS:

100

D. Review Process

Networks Northwest may, at its discretion, request presentations by, or meetings with, any or all Offerors, to clarify or negotiate modifications to the Offerors' proposals.

However, the Networks Northwest reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

Networks Northwest contemplates award of the contract to the responsible Offeror with the highest total points.

CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before _____.
- G. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards* (latest revision).
- H. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.
- I. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- J. The individual signing certifies that he/she is aware of and will comply with the EO provisions set forth in 29 CFR Part 38, Section 188 of the WIOA, and 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status of protected bases.
- K. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:

1. *Government Auditing Standards*
2. *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*
3. *Audits of State and Local Units of Government (AICPA Audit Guide)*

- L. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
- M. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this _____ day of _____, 2019.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)