**Response to the Solicitation for Proposal (SFP) – Audit Engagement**

In order to simplify the review process and to obtain the maximum degree of comparability, proposals must be completed using the template provided. The legislative auditor reserves the right to refuse to consider proposals that are not submitted in this format or those that are incomplete.

**FIRM NAME**

**Proposal for the Audit of *[entity name]***

**Date of Proposal Submission**

**Firm Contact (Name and Email Address)**

**Firm Address**

**Firm Telephone Number**

**Firm Federal Tax Identification Number**

**State Agency Solicitation Number**

**Contract Period**

***[FIRM NAME]* – TRANSMITTAL LETTER**

*[Firm name]* is proposing to perform the audit of *[entity name]* for fiscal years ending *[date]*, *[date]*, and *[date]*, in accordance with all applicable standards, including but not limited to, *Generally Accepted Auditing Standards* (GAAS), *Government Auditing Standards* (GAS), Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and all applicable provisions of the *Louisiana Governmental Audit Guide*.

We confirm that *[Firm Name]* meets the appropriate state licensing requirements to practice public accounting in the State of Louisiana.

We confirm that *[Firm Name]* meets the applicable independence standards relating to *[entity name]*.

We confirm that *[Firm Name]* has not had a record of substandard audit work or engaged in any unethical practices within the past five years.

We confirm that *[Firm Name]* has complied with applicable requirements for peer review and continuing professional education.

We confirm that *[Firm Name]* does not, and will not, discriminate on the basis of race, color, religion, sex, national origin, veteran status, political affiliation, disability, sexual orientation, or any other non-merit factor in matters relating to employment.

We confirm that *[Firm Name]* has procured appropriate professional liability insurance; and if awarded the contract, will maintain this insurance in full force and effect during the term of the contract; and will provide a true and correct copy of the required policy’s declaration page, to the legislative auditor within ten days of the date of execution of the contract and, if applicable, a copy of the declaration page demonstrating renewal of same for the entire contractual period within ten (10) days of said renewal.

*Include any other information that the proposer feels is appropriate to include.*

*Signature of individual who is authorized to make proposals of this nature in the name of the firm submitting the proposal*

***[FIRM NAME]* – FIRM DESCRIPTION**

*Give a brief description of the firm, detailing firm capacity, number and location of offices, et cetera, and if applicable, include a similar description of the office performing the engagement.*

*Indicate whether the firm is a local, regional, national, or international firm.*

We confirm that no disciplinary action has been taken against *[Firm Name]*’s Louisiana based operations, in the past five years, by the American Institute of Certified Public Accountants and/or any state board of accountancy, state or federal grantor, state auditor, state society of certified public accountants, or any other regulatory body.[[1]](#footnote-2)

Yes [ ]  No [ ]

We confirm that during the past 10 years, no partner, owner, manager, or principal officer (including any staff members being proposed for the engagement) of *[Firm Name]*’s Louisiana based operations has been convicted of a felony; has pleaded nolo contendere to a felony charge; has been held liable in a civil action by final judgment involving a violation of any federal, state, or local law relating to the performance of a service contract; has settled a claim of nonperformance asserted by a proposing firm’s client; or has settled a claim relating to a service contract asserted by a regulatory body.[[2]](#footnote-3)

Yes [ ]  No [ ]

We confirm that no partner, owner, manager, or principal officer (including any staff members being proposed for the engagement) of *[Firm Name]*’s Louisiana based operations is subject to any currently effective injunctive or restrictive order or decree relating to the performance of a service contract.[[3]](#footnote-4)

Yes [ ]  No [ ]

We confirm that *[Firm Name]* has not provided any services to the state agency over the past three years.[[4]](#footnote-5)

Yes [ ]  No [ ]

We confirm that *[Firm Name]* and/or its partners have not participated in any political activity, over the past three years, related to any campaign for public office by any member of management or of the board/commission of the agency being proposed upon. Such political activity includes, but is not limited to, monetary contributions; serving as a member of a campaign or fund raising team (president, treasurer, et cetera); and publishing or signing campaign literature.[[5]](#footnote-6)

Yes [ ]  No [ ]

We confirm that *[Firm Name]* is considered to be a small firm and/or is owned by socially and economically disadvantaged individuals. [[6]](#footnote-7)

Yes [ ]  No [ ]

**Professional Capacity of Firm**

*Using the format specified below, provide data on the make-up of the professional audit staff of the office performing the* *engagement (if the category titles do not match your firm’s titles, change as appropriate):*

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Total Number** | **Number of CPAs** | **Percentage of CPAs** |
| Partners |  |  |  |
| Managers |  |  |  |
| Supervisors |  |  |  |
| Seniors |  |  |  |
| Other Audit Staff |  |  |  |
| Total Professional Audit Staff |  |  |  |

**Professional Organizations**

*Identify the professional organizations to which the firm belongs.*

**Governmental Experience**

*List audit, review/attestation, and/or agreed-upon procedures engagements of* ***governmental entities*** *located in Louisiana that have been* ***completed*** *over the* ***past three years*** *by the proposing firm. The list should be classified by type of engagement (audit, review/attestation, or agreed-upon procedures). Denote which of the engagements listed are similar to the agency soliciting proposals. The proposing firm should explain why an engagement of an agency is similar to the one for which a proposal is submitted, unless the similarity is clear. For example, an audit of a city is not clearly similar to an audit of a port commission; however, the city operations may include a port and such should be clearly explained in the proposal. Please use the following format for each type of engagement.*

|  |  |  |  |
| --- | --- | --- | --- |
| **Government Entity / Engagement Type** | **Period(s) Ended** | **Name and Phone Number of Entity Contact** | **Similar to Entity Soliciting for Proposals?** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

***[FIRM NAME]* – ENGAGEMENT DETAILS**

**Engagement Team**

*[Firm Name]* will assign the following individuals as supervisory personnel *(partner, manager, supervisor, and/or seniors)* for the engagement: *[identify the supervisory personnel who will be assigned to the engagement]*. Résumés, including required continuing professional education information, for each person are attached to this proposal.[[7]](#footnote-8)

We confirm that we will not assign or subcontract any of the work to be performed to a third-party agency or subcontractor. [[8]](#footnote-9)

**Contract Period and Timeliness**

For the contract period ending *[contract period end date per the agency information document]*, we have included in the table below the following: the fiscal year-end, the start of field work date, and the date the report will be completed and submitted to the Legislative Auditor.

Note: Each fiscal year will be a separate audit as of and for each of the years ending listed on the agency information document. The start of field work date should be the date that the work will commence no later than and this date should agree to the agency information document. The date submitted to the Legislative Auditor (LLA) should be the engagement completion date per the agency information document.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Fiscal Year-End | Start of Field Work Date | Date to be Submitted to LLA |
| *1st year audit* |  |  |  |
| *2nd year audit* |  |  |  |
| *3rd year audit* |  |  |  |

**Engagement Approach**

Clearly describe the scope of the engagement and how it will be conducted for both financial and compliance aspects. The engagement approach should be described in sufficient detail to demonstrate an understanding of the state agency and its specific accounts, activities, and operations.

Describe the approach that will be taken for the subsequent period(s) (2nd and 3rd year audits under contract).

**Special State Agency Requirements**

*List any special requirements of the state agency included on the agency information document within the Special Requirements section to be performed by the proposing firm.* *Indicate if you will not be able to perform any of these special requirements.*

**Agency Assistance**

We do not anticipate needing any state agency personnel to assist in technical aspects of the engagement nor do we anticipate any non-technical agency assistance during the engagement. [[9]](#footnote-10)

**Nature of Services**

We confirm that the audit will be a financial audit performed in accordance with:

1. Generally accepted auditing standards, promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants.
2. The standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
3. Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), when applicable.

We confirm that the audit will comply with the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

In conjunction with the previously mentioned standards, we confirm that we will:

1. Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement caused by errors, fraud, or illegal acts.
2. Examine sufficient evidential matter to support the opinions and comments expressed within the auditor's reports.
3. Assess the accounting principles used and significant estimates made by management, as well as evaluate the overall financial statement presentation.
4. Include an assessment of the risk that errors and fraud may cause the financial statements to contain a material misstatement and consider illegal acts that could have a direct material effect on the financial statements, to the extent required by the previously mentioned standards, and based on the assessment, design and perform tests to detect such matters.
5. To the extent required by the previously mentioned standards and state law, any errors, fraud, illegal acts, or abuse detected during the audit should be included in the audit report. In addition, the errors, fraud, illegal acts, or abuse should be brought to the attention of those charged with governance, to the extent required by the previously mentioned standards.
6. Convey to the state agency, as appropriate, those matters observed relating to opportunities for economies of operation or other matters that should be brought to the state agency's attention.

In addition, we confirm that we will evaluate and perform additional procedures, when requested by the legislative auditor, as it relates to allegations or complaints received by the legislative auditor related to the state agency. If we have gained knowledge of matters related to fraud, theft, or pledge/loan/donation of public funds and we do not include these matters in the report, we confirm that we will contact the legislative auditor to discuss before submitting the report.

**Reports**

We confirm that our audit report will include the following:

1. An Independent Auditor's Report. The report shall include:
	1. An opinion or disclaimer of opinion as to the fair presentation of the agency's financial statements.
	2. An opinion or disclaimer of opinion as to whether the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole, when applicable.
	3. An opinion or disclaimer of opinion as to the fair presentation, in all material respects in relation to the agency's financial statements taken as a whole, of the Division of Administration, Office of Statewide Reporting and Accounting Policy’s Annual Fiscal Report packet.[[10]](#footnote-11)
2. A report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance for each major program and a report on internal control over compliance in accordance with Uniform Guidance, when applicable.
4. A summary schedule of findings and questioned costs which shall include:
	1. A summary of the ICPA’s results which shall include:
		1. The type of report the ICPA issued on the financial statements of the agency.
		2. Where applicable, a statement about whether the audit of the financial statements disclosed significant deficiencies in internal control and whether any such deficiencies were material weaknesses.
		3. A statement as to whether the audit disclosed any noncompliance that is material to the financial statements of the agency.
		4. A statement as to whether a management letter was issued.
		5. When subject to Uniform Guidance:
			1. Where applicable, a statement about whether significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
			2. The type of report the ICPA issued on compliance for major programs.
			3. A statement as to whether the audit disclosed any audit findings required to be reported under Uniform Guidance (2 CFR 200.516(a)).
			4. An identification of major programs.
			5. The dollar threshold used to distinguish between Type A and Type B programs, as described in Uniform Guidance (2 CFR 200.518).
			6. A statement as to whether the agency qualified as a low-risk auditee under Uniform Guidance (2 CFR 200.520).
	2. Findings and questioned costs which are required to be reported in accordance with *Government Auditing Standards* and/or Uniform Guidance, shall be identified by number, shall be presented in sufficient detail for the agency to develop and implement a corrective action plan, and shall include:
		1. Significant deficiencies and material weaknesses in internal control relating to the presented financial statements and, when applicable, significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. For federal purposes, the ICPA’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement. Repeated significant deficiencies and/or material weaknesses shall indicate the number of years the matter has been reported.
		2. Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to the presented financial statements and, where applicable, major programs. For federal purposes, the ICPA’s determination of whether noncompliance with the provisions of federal statutes, regulations, or the terms and conditions of federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement. Repeated instances of noncompliance shall indicate the number of years the matter has been reported.
		3. When subject to Uniform Guidance:
			1. Known questioned costs that are greater than $25,000 for a type of compliance requirement for a major program. The ICPA shall also report known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major program.
			2. Known questioned costs that are greater than $25,000 for a federal program that is not audited as a major program. Except for audit follow-up, the ICPA is not required under Uniform Guidance (2 CFR 200) to perform audit procedures for such a federal program.
			3. The circumstances concerning why the ICPA’s report on compliance for each major program is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for federal awards.
		4. Known or likely fraud.
		5. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior findings materially misrepresents the status of any prior audit finding.
	3. Or, a statement that there are no findings to report.
5. A management letter, if applicable, detailing matters not significant or material in relation to the required reports. Only nonmaterial instances of noncompliance and/or control deficiencies shall be included in a management letter.
6. A summary schedule of prior findings. The summary schedule shall either include:
7. The status of all audit findings and comments included in the prior audit’s schedule of findings and questioned costs and/or management letter; and the status of audit findings included in the prior audit’s summary schedule of prior findings (except for findings that were noted as corrected). The summary schedule of prior audit findings must include the reference numbers the auditor assigns to the audit findings under 2 CFR 200.516(c). Since the summary schedule may include findings from multiple years, it must include the fiscal year in which the finding initially occurred. The summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS.
8. For findings that were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.
9. For findings that were not corrected or only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action as well as any partial corrective action taken.
10. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan, or in the federal agency’s or pass-through entity’s management decision, or in a response to the Legislative Audit Advisory Council, the summary schedule must provide an explanation for the difference.
11. When the agency believes the audit findings are no longer valid or do not warrant further action, the reasons for this position shall be described in the summary schedule.
12. Or, a statement that there were no findings to report.
13. Management’s corrective action plan (prepared by the agency). The plan must address each audit finding and/or management letter comment included in the ICPA’s current year reports. The plan shall provide the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date. If the entity does not agree with the findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons. For findings written in accordance with Uniform Guidance, the corrective action plan must include the reference numbers the auditor assigns to the audit findings under 2 CFR 200.516(c). If the agency fails to provide a corrective action plan, the report and/or management letter shall include a statement(s) that management failed to respond to the findings and/or comments.
14. We further agree to provide the Division of Administration, Office of Statewide Reporting and Accounting Policy’s Annual Fiscal Report packet as supplementary information, where applicable. [[11]](#footnote-12)

**Report Distribution**

Unless otherwise specified in the agency specific information, at the conclusion of the engagement, we will immediately send:

* One graphical file of the report to the legislative auditor. The report file shall include any management letter, as well as management’s corrective action plan. The graphical files shall be created in PDF format and submitted electronically through the Louisiana Legislative Auditor's Local Government Reporting System: <http://app.lla.state.la.us/ewsdataentry.nsf>.
* A copy of the report to each board member, when there is an oversight board.
* A copy of the report to any legislative oversight committee.
* A copy of the report to management of the agency, including any printed copies of the report that management of the agency requests.
* Appropriate distribution required by Uniform Guidance (2 CFR 200.512), when applicable.
* A copy of the report to each state agency providing monies to the agency.
* A copy of the report to any state agency exercising oversight responsibilities

**Engagement Documentation**

We will retain all engagement documentation (working papers and all correspondence relating to the engagement) for a period of five years from the date of the report, unless notified in writing by the legislative auditor or cognizant agency to extend the retention period. All of the documentation will be available for inspection by the legislative auditor, any successor or principal auditor/accountant, the Louisiana State Board of CPAs, or any other agency recognized within the State of Louisiana to provide a quality assurance function. We agree to contact and obtain the express permission of the legislative auditor prior to giving access to engagement documentation to any parties other than those previously named individuals and organizations. All of the documentation will be provided by us as the predecessor auditor to the successor auditor/accountant at a cost of no more than $.25 per page, with no further fees assessed. The access to the documentation will be granted at a mutually convenient time and location within 10 working days of the request. Relevant documentation includes trial balances, adjusting journal entries, analyses of balance sheet accounts (both current and noncurrent and those relating to contingencies), documentation of the predecessor’s understanding of the entity’s system of internal control, documentation of a permanent nature, such as bond amortization schedules and lease agreements, and documentation that supports the summary of significant accounting policies.

In addition, we agree to answer specific inquiries of a potential proposer for future engagements when those inquiries may affect the proposer's client acceptance decision. We acknowledge that failure to make the engagement documentation available for successor auditor/accountant inspection and copying under rules of the legislative auditor will result in prohibition from participating in the SFP process and could result in additional actions taken against us.

**Special Conditions**

If awarded the contract:

* We agree to notify the legislative auditor immediately, in writing, if there is any limitation on the scope of the engagement, to include denial of access to books and records or failure to provide the same in a timely manner.
* We agree to notify the legislative auditor immediately, in writing, if we decide to withdraw from the engagement. As a part of the notification, we will describe in detail the reasons leading to the withdrawal.
* We agree to notify the legislative auditor immediately, in writing, if any illegal or fraudulent acts are detected.
* We agree to notify the legislative auditor immediately, in writing, if we will be unable to complete an engagement within the required time. As part of the notification, we will provide all substantive reasons for the delay and an estimate of the revised completion date.
* We agree to notify the legislative auditor and state agency being examined immediately, in writing, if we encounter circumstances that make it necessary to perform added work beyond the scope originally anticipated, before beginning such work. As part of the notification, we will provide an estimate of the number of additional hours and the resulting fee.
* In the event that we decide to reissue the report, we will notify the legislative auditor immediately and distribute the reissued report in the same manner as the original report.
* We agree that no additional services will be performed for the state agency unless otherwise approved by the legislative auditor.
* We acknowledge that the legislative auditor reserves the right to terminate the engagement contract at any time.
* We agree to promptly notify the legislative auditor and the state agency in writing when there is reasonable cause to believe that there has been any (1) non-permitted uses or disclosures of the state agency’s information, including Personal Identifiable Information (PII) and/or Protected Health Information (PHI); (2) breach of unsecured state agency information; or (3) Successful Security Incidents caused by ICPA, or its agents or subcontractors.

**Fee Proposal**

*Using the format specified below, for each individual fiscal year in the contract period provide the proposed pricing information in the following format and include the overall contract totals:*

For fiscal year end [relevant FYE]:

|  |  |  |  |
| --- | --- | --- | --- |
| **Staff Classification** | **Hours Assigned** | **Hourly Rate** | **Totals** |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
| Total Hours (A) | **XXX** |  |
| Out of Pocket Expenses |  | $XXX |
| Total All Inclusive Maximum Fee (B) |  | **$XXX** |
| Average Billing Rate (B/A) |  |  | $XXX |

For fiscal year end [relevant FYE]:

|  |  |  |  |
| --- | --- | --- | --- |
| **Staff Classification** | **Hours Assigned** | **Hourly Rate** | **Totals** |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
| Total Hours (A) | **XXX** |  |
| Out of Pocket Expenses |  | $XXX |
| Total All Inclusive Maximum Fee (B) |  | **$XXX** |
| Average Billing Rate (B/A) |  |  | $XXX |

For fiscal year end [relevant FYE]:

|  |  |  |  |
| --- | --- | --- | --- |
| **Staff Classification** | **Hours Assigned** | **Hourly Rate** | **Totals** |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
|  | XXX | $XXX | $XXX |
| Total Hours (A) | **XXX** |  |
| Out of Pocket Expenses |  | $XXX |
| Total All Inclusive Maximum Fee (B) |  | **$XXX** |
| Average Billing Rate (B/A) |  |  | $XXX |

For entire contract period:

|  |  |
| --- | --- |
|  | **Totals** |
| Total All Inclusive Maximum Fee (C) | $XXX |
| Total Hours (D) | XXX |
| Average Billing Rate (C/D) | $XXX |

1. If action has been undertaken, mark “No” and provide appropriate details of the circumstances, including a description of the current status. [↑](#footnote-ref-2)
2. If any such action has occurred, mark “No” and include the name of the person convicted or against whom a judgment or settlement was entered; the court or other forum and date of conviction, judgment, or settlement; the penalty or damages assessed in connection therewith and/or the terms of settlement. [↑](#footnote-ref-3)
3. If any such action has occurred, mark “No” and include the name of the person; the parties involved and the court; a summary of the allegations or facts found by the court; and the date, nature, terms and conditions of the order or decree. [↑](#footnote-ref-4)
4. If services have been provided or are currently being provided to the state agency being proposed upon over the past three years, mark “No” and provide a description of the services that includes the time frame during which the services were provided and the related compensation received. [↑](#footnote-ref-5)
5. If such activity has occurred, mark “No” and include a description of the political activity. [↑](#footnote-ref-6)
6. In accordance with R.S. 24:513(A)(5)(b), it is the intent of the legislature that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded by the legislative auditor. The legislative auditor will give special consideration to firms that meet the following criteria: Small firm (10 or less employees) and/or firms in which a socially and economically disadvantaged individual(s) own and control at least 51% of the firm. [↑](#footnote-ref-7)
7. The résumés must include the specific governmental engagements that he/she has participated in as well as the position he/she served on the engagement team. In addition, the résumés must identify the continuing education courses, and the related credit hours, relative to governmental accounting and auditing that he/she has attended during both the current and the prior reporting periods (separately identified, for example: Two Years ending December 31, 2024, and Two Years ending December 31, 2022) as defined by *Government Auditing Standards*. We acknowledge that reporting periods may differ based on when he/she began his/her governmental practice; however, two reporting periods should be provided. [↑](#footnote-ref-8)
8. If the proposer plans to use third-party agents or subcontractors for the work required on the audit, modify the statement accordingly and provide a description of the planned use of those parties on the audit. [↑](#footnote-ref-9)
9. If such assistance is expected, amend the statement and discuss the planned use of any state agency personnel to assist in technical aspects of the engagement and/or any required non-technical assistance anticipated. [↑](#footnote-ref-10)
10. Remove this item when the AFR packet is not required to be included as supplementary information per the agency information document. [↑](#footnote-ref-11)
11. Remove this item when the AFR packet is not required to be included as supplementary information per the agency information document. [↑](#footnote-ref-12)