



# Dave Yost • Auditor of State

## Auditor of State New Request for Proposal (RFP)/Independent Public Accountant (IPA) Contracting Process Frequently Asked Questions and Answers

As of March, 2014

### **FIRM REGISTRATION**

**Q:** Why is online registration necessary?

**A:** The online registration is necessary for several reasons – 1) to ensure we have the most up-to-date and complete information for all firms; 2) to provide designated firm personnel restricted access to online functions through a login function; 3) to assign the tier level to the firms and 4) to continue to improve the overall IPA contracting process.

**Q:** Our firm does not have a physical office located in Ohio. Can we still register with the Ohio Auditor of State?

**A:** It is the policy of the Auditor of State to ensure Ohio local and state dollars are used to support Ohio businesses; therefore, only firms with a physical presence in Ohio may maintain an active registration.

**Q:** My firm has multiple offices that contract with the AOS. Does each office need to complete the online registration?

**A:** No. As described in the instructions for registering, each firm must determine a primary office and primary contact person. The primary contact person will be responsible for registering the entire firm and including the contact information for each of the specific offices of the firm which plan to express interest in bidding for contracts. The individual office contact will have the ability to update information for their office after the firm is approved and will receive correspondence from the Auditor of State.

**Q:** Our firm maintains several offices, both in Ohio and in other states. Should our firm include every different office location in our registration?

**A:** Because location may be a factor in the contracting process, the contact person for the specific office which will be responsible for the audit should express interest through the IPA Open Bid List (Please refer to IPA Contracting Process below). Therefore, each office with interest in bidding on contracts should be registered.

**Q:** What information do I need in order to register my firm?

**A:** Required information will include the firm's name, Federal Employer Identification Number (FEIN)/Tax ID #, the firm's primary office address/phone, primary contact information, State registration/CPA permit #, additional office locations/contacts (should be partner level), and office staffing levels by position. In addition, your firm will be required to upload PDF copies of:

- The firm's Equal Employment Policy
- The firm's Policy on Auditor Independence (*Government Auditing Standards*)
- The firm's most recent external quality control review (**Note:** The review must state it is in accordance with *Government Auditing Standards* and be dated within 3 years.)
- If an MBE or EDGE firm, the related Ohio DAS Certification

If interested in conducting performance audits for the AOS, you will also need to provide separate brief descriptions of three performance audits of 500 hours or more performed by the firm in accordance with GAGAS standards, including related references for each.

**Q:** My firm has multiple FEINs, but the registration portal only permits one FEIN to be listed. What do I do?

**A:** The FEIN is the key field to identify your firm in the AOS database. The majority of the firms have only one FEIN; however, if your firm maintains multiple FEINs, you must select just one to use for contracting purposes with the AOS.

**Q:** My firm has submitted its registration. How will our firm know if the registration is accepted by the Auditor of State?

**A:** Within 30 days of registration, the Auditor of State will review your firm's registration information and documentation submitted. The AOS' office will contact your firm if additional information is required. At the conclusion of the review, your firm will receive an email indicating whether or not your firm's registration has been activated.

**Q:** Each designated contact person for my firm has received an email indicating the AOS has accepted our firm's registration. What is the next step?

**A:** A link will be contained in each contact person's email which allows the person to establish his/her username and password. Once the username name and password are established, the contact person may access the IPA Portal (Please refer to IPA Portal Functionality below.)

**Q:** Once our firm's registration is activated, is there a requirement to re-register with the Auditor of State's office annually?

**A:** Your firm is not required to re-register annually; however, updated information/documentation must continue to be provided to the Auditor of State through the IPA Portal. Please refer to IPA Portal Functionality below)

## **IPA PORTAL FUNCTIONALITY**

**Q:** How do I access the IPA Portal? **(UPDATED)**

**A:** The IPA Portal login is accessible on the Resources/IPA Resources page of the AOS website, the IPA Open Bid page or at: [IPA Open Bid List](#)

**Q:** I have forgotten my username and/or password. How can I determine my username and/or reset my password?

**A:** 1) If you know your username but have forgotten your password, enter your username and click the “forgot password” link. An email will be sent to the email on file with instructions for resetting your password. 2) If you have forgotten your username, please email [ipacorrespondence@ohioauditor.gov](mailto:ipacorrespondence@ohioauditor.gov).

**Q:** Once I have gained access to the IPA Portal, what am I able to do? **(UPDATED)**

**A:** It may be helpful to access the Quick Guide for the IPA Portal available on the Resources/IPA Resources page of the AOS website, the IPA Portal login or at: [IPA Portal Quick Guide](#). Currently, the IPA Portal functionality includes the ability to: 1) Request Contract Bids (i.e. express interest in a contract), 2) View Bids Requests, 3) Update Firm, Information, Contracts & Offices, and 4) View Scores and Report Status; however, the AOS intends to continue to add functionality to the IPA Portal.

**Q:** What functions can my firm’s primary contact person perform that cannot be performed by other firm contacts? **(UPDATED)**

**A:** Your firm’s primary contact person may provide updated documentation for your firm, add a new office, add a new contact person and move/reassign offices. In order to completely remove an office, please email [ipacorrespondence@ohioauditor.gov](mailto:ipacorrespondence@ohioauditor.gov). All other contacts will be able to update the information only for their specific office(s). Each firm contact will be able to express interest to bid on contracts for his/her specific office(s), view all bid requests made by your firm, and view your firm’s scores and report status information.

## **IPA CONTRACTING PROCESS**

**Q:** How are any specialized skills necessary for the IPA firm to conduct the audit of the entity determined and evaluated? **(UPDATED)**

**A:** The AOS may designate “required” or “preferred” criteria for contracts on the IPA Open Bid List. Firms will be asked to respond describing how the firm meets the criteria as part of expressing interest to bid. For contracts of Tier 1 clients, the AOS will always include “preferred criteria.” For Tier 2 clients, the AOS may include “required” and/or “preferred” criteria in association with the IPA experience, training, etc. Clients may provide input regarding preferred criteria desired. The firm’s responses to the criteria may be used in determining the firms to receive the Requests for Proposals for the specific engagement. These criteria will be further evaluated by the AOS as part of each proposal’s scoring.

**Q:** The IPA Open Bid List includes an insurance consortium with “required criteria.” What criteria must our firm meet to express interest on this contract?

**A:** The criteria required for auditing an insurance consortium will be listed in the required criteria and includes: 1) previous experience auditing entities subject to regulation by the State Department of Insurance; 2) insurance industry certifications or memberships with insurance trade and professional associations; **and/or** 3) training specific to the insurance industry. Your firm will need to describe how these requirements are met as part of expressing interest to bid on an insurance consortium contract.

**Q:** Which office(s) of my firm should express interest in bidding on contracts?

**A:** Only one office of your firm should express interest to bid on each individual contract/bundled contract. By using the “View Bid Requests” block in the IPA Portal, you will be able to determine if another office of your firm has already expressed interest to bid. Remember, the expression of interest to bid should be made by the office of your firm which will perform the audit. When deciding which firm office will express interest, you should consider that location of the office may be a determinant in which firms receive requests for proposals (RFPs).

**Q:** The AOS will “bundle” the contract for audit services for multiple entities. What does that involve?

**A:** In order to reduce the time/effort necessary to execute the contract, the AOS will “bundle” certain entities together for contracting purposes. The AOS has determined all Tier 3 clients should be included in a bundle, unless special circumstances are identified. The AOS may also bundle certain Tier 2 clients as they determine appropriate. The AOS will determine which entities will be combined with other similar entities in small groups (generally 10 or less) and be included in one RFP contract. The reporting cycle for all entities must be the same and consideration will be given to the type, geographic location, and other characteristics of the entities. Although the entities will be contracted together, each client will receive separate letters of intent and Memorandums of Agreement (MOAs), costs will be specified by client in the IPA cost proposals, and entity will be invoiced separately. Each entity will also have the opportunity to separately award client preference points. These points will be averaged to determine the overall client preference points for the final score sheet. The firm awarded the contract will audit all entities in the bundle.

**Q:** After the “Request Deadline” date on the open bid list has passed, how do I determine if my firm has been selected to receive an RFP?

**A:** If your firm is selected to receive an RFP, your office’s contact person will receive the RFP by email. Once the “Request Deadline” has passed, the listing will move to the IPA Closed Bid List, which includes a field for the date the RFP is mailed. Your firm can monitor when RFPs are mailed by accessing the closed bid list at: [IPA Closed Bid List](#)

**Q:** My firm expressed interest in bidding on a contract but did not receive an RFP. Why?

**A:** First, access the IPA Closed Bid List to ensure an RFP mail date has been posted for the specific contract. If a date has not been posted, the RFPs have not been mailed to any firm yet. If a date is posted, and you expressed interest in bidding for your firm but did not receive an RFP, either your firm was determined not to meet the designated required or preferred criteria, if applicable, or the

number of firms expressing interest exceeded the maximum allowable for the tier (only applies to Tier 1 and Tier 2 clients – please refer to the “Tiering” section below), and your firm was not one of the firms determined by the AOS to receive an RFP based on the criteria established by the AOS.

**Q:** Upon submission of my firm’s proposal, what elements/lack of elements will result in immediate disqualification from consideration?

**A:** It is very important for your firm to specifically follow the guidance in the RFP regarding order, content, and placement of the mandatory elements (affirmations and other requirements). Please note the mandatory elements may vary depending on the client tier. Failure to comply with the mandatory elements requirements would be grounds for immediate disqualification. Additionally, failure to submit complete and timely technical and cost proposals will result in immediate disqualification.

**Q:** If my firm’s proposal exceeds the maximum number of PDF pages specified in the RFP, will my proposal be automatically eliminated from consideration?

**A:** If a proposal for a Tier 3 client/bundle exceeds the maximum number of pages specified in the RFP, your firm’s proposal will be eliminated from consideration. For Tier 1 and Tier 2 client proposals, points will be progressively deducted from your firm’s score in the “scope” category when the maximum number of pages stated in the RFP is exceeded.

**Q:** For my firm’s proposal for a bundle of Tier 3 clients, are there specific guidelines regarding presentation and hours/cost for each entity within the bundle?

**A:** For bundled entities, the RFP will require one technical proposal, which addresses each public office’s needs (most items will apply to all), and one cost proposal document which separately identifies the cost for each public office in the bundle, with an overall total for the bundle, by year.

**Q:** Under the contracting process, will the highest score receive the contract?

**A:** Yes.

**Q:** How long will firms have to submit their proposal/bid after receiving the RFP?

**A:** Firms will have a minimum of 10 business days to submit their proposal/bid after receiving the RFP. The specific due date for each contract will be identified on the cover page of the RFP.

**Q:** Is there a separate grading sheet for the Legal compliance with bidding requirements and objective score?

**A:** No. There is not a separate grading sheet for the Legal compliance with bidding requirements and objectives score. All scores will be included on one score sheet.

**Q:** Will pre-proposal conferences be held?

**A:** The AOS has determined a lack of a pre-proposal conference is detrimental to ensuring information regarding the specific contract for bid is communicated and any questions are resolved.

The firm will not receive points for attending the conference; however, the AOS will conduct a pre-proposal conference via conference call for all contracts, with an option for an in-person meeting, if necessary. All firms receiving an RFP and the client(s) will be notified as to the date/time of the pre-proposal conference; however, attendance is not mandatory.

**Q:** Will a new firm, which has not previously contracted with the Auditor of State, be able to compete to receive contracts?

**A:** Yes. A firm that has been approved for bidding may express interest in receiving an RFP in the same manner as firms which have previously contracted with the Auditor of State.

**Q:** Can bidding firms provide referrals of existing clients in their proposal?

**A:** Yes.

**Q:** Does the 10-year rotation policy apply?

**A:** Yes. It is the Auditor of State's current practice to allow a firm to consistently conduct the audit of an entity for no more than a period of 10 years.

**Q:** After the winning IPA firm is determined, how is the contract executed? **(UPDATED)**

**A:** The AOS will notify the winning IPA firm and provide the Memorandum of Agreement (MOA) and the Certificate of Compliance (COC) for signature via email. The non-winning firms will also be notified of the decision via email. The entity's contact person will be copied on all email correspondence. The winning IPA firm should sign the MOA and forward the documents to the client. The client should then sign both the MOA and COC. The IPA firm should ensure both signed documents are returned to the AOS representative via email. The AOS Legal Division designee will approve the MOA and the final signed MOA will be sent to the winning IPA firm and the entity via email. The audit may commence after the final MOA is received. Note: Separate MOAs and COCs are required for each client in a bundled contract.

**Q:** How/when may I request copies of the documents (proposals, score sheets, etc.) for a specific engagement?

**A:** Public records requests for specific documents may be sent to [ipacorrespondence@ohioauditor.gov](mailto:ipacorrespondence@ohioauditor.gov). Please note that records can not be released until the Memorandum of Agreements (MOAs) for the entities have been fully executed by the AOS Legal Division. If your firm requests records prior to this time, you will receive notice that the records are not yet public records subject to release. You will receive an email asking your firm to follow-up as necessary to view the records once the MOAs have been fully executed.

## **TIERING**

**Q:** Which clients will be considered Tier 1? Tier 2? Tier 3? **(UPDATED)**

**A:** The Tier 1 clients will be large, complex and/or high profile clients as determined by the AOS. Tier 3 clients will be small low risk clients where customization and specialized IPA experience is

not required as determined by the AOS. Tier 2 clients will be all other clients not designated as Tier 1 or Tier 3. The tier designation for each client will appear on the bid list as engagements are posted and on the RFP cover page. The list of AOS designated Tier 1 clients is available on the website on the Resources/IPA Resources page or at: [Tier 1 Clients](#)

### **CONTRACT MODIFICATIONS**

**Q:** If my contracted client has been determined eligible for reduced audit procedures under Auditor of State Bulletin 2012-007, can the procedures be performed by my IPA firm?

**A:** In accordance with the Bulletin, IPAs can perform agreed-upon procedures (AUPs), but only the AOS can perform “basic audits,” as defined in the Bulletin. If your client is under contract for an audit from your firm and is eligible for an AUP rather than a full audit, the contract may be modified for your firm to perform those services. Questions regarding this situation should be directed to the AOS regional office for your entity. If the audit for an eligible entity, opting for a “basic audit,” is contracted to a firm, the AOS will cancel the contract and perform the “basic audit.”

**Q:** What situations require a modification to the audit services contract between my firm, the client, and the AOS?

**A:** Situations requiring a modification, such as a change in accounting and auditing standards, a change in laws or regulations, a change in scope, etc., are only appropriate for audit services that were not known at the time of the original proposal and could not have reasonably been anticipated by the parties during the bid process. The hourly rate for modified services should not exceed the hourly rate originally proposed by the IPA firm. Extensions of the contract period (i.e. changing a four-year contract to a five-year contract) are only granted by the AOS for limited circumstances in which extending the contract period rather than competitively bidding the subsequent period is the best solution for the situation. In these circumstances, a Modification/Extension Form must be approved by all parties (refer to explanation below).

**Q:** What procedures are required to modify the contract?

**A:** It is important to emphasize the IPA firm should not modify the procedures to be performed prior to agreement by the client and the AOS. Generally, the IPA firm and the client will discuss the need for a contract modification/extension and agree to the related fee (note: the fee must align with the hourly rate identified in the original contract). In some circumstances, your firm should discuss the modification with the AOS representative. The IPA firm then completes the Modification/Extension Agreement form and submits for client review and approval, prior to submission for AOS approval. The form must be signed by a representative of the entity with contracting authority. The contract modification/extension is not considered enforceable until approved by all parties.

**Q:** Is a change in the deadline for submitting the final audit report considered a contract modification?

**A:** Typically no. Changes in the due date for deliverables associated with a particular audit cycle identified in the original contract do not require a Modification/Extension Form. They can; however, be included in the Modification/Extension form if related to another valid reason for modification. In addition, there may be certain circumstances where a contract modification would

be appropriate, particularly if the expected due date is intended to be changed for each remaining year of the contract. (Please refer to the Report Due Dates, Extensions and Billings section below for further guidance.)

**Q:** What impact do contract modifications have on the MBE/EDGE requirements?

**A:** Any change in hours from a contract modification must be evaluated to determine the impact on the 15% MBE/EDGE cost requirement. If the modification causes the hours to exceed 800, an MBE/EDGE firm must be added for that year for at least 15% of the modified cost. If an MBE/EDGE firm is already required, any change in cost would proportionally impact the dollar amount required to be set aside for the MBE/EDGE firm.

### **REPORT DUE DATES, EXTENSIONS AND BILLINGS**

**Q:** Is the due date for report submission six (6) months after year end? **(UPDATED)**

**A:** Generally, the due date will be six (6) months after the entity's year end; however, there may be circumstances requiring an earlier date. The due date for each engagement will be stated in the RFP. For example, entities subject to ORC 9.833, must be filed within 90 days of the end of the entity's fiscal year. The due date is the date the RFP requires the final report to be filed with the Auditor of State at [ipareport@ohioauditor.gov](mailto:ipareport@ohioauditor.gov).

**Q:** If a filing extension is approved by the region, will submitting the report by the extended due date negatively impact the timeliness and backlog score?

**A:** No. If an extension is approved by the region, the extension becomes the due date. Please be aware that all requests for extensions must be in writing (email). The approval or denial of the extension by the region will also be in writing. Extensions will only be granted for extenuating circumstances outside the control of the firm and will be scrutinized by the region.

**Q:** Is the new final invoice format, which requires inclusion of actual final hours and cost by billing category, effective for 2012 audits?

**A:** Yes. The new final invoice format is effective for all contracts for periods ended in 2012 and beyond. For consistency, since the prior final invoice format also required inclusion of actual final hours and cost but by assigned staff rather than billing category, all final invoices for audit periods ended after December 31, 2011 should be prepared using the new format regardless of when the contract was executed or the stipulations for invoicing included in the original RFP.

**Q:** When will my firm's final invoice be processed?

**A:** The RFP allows interim progress billings up to 80% of the total contract amount prior to submission of the report deliverables. Processing of any invoices beyond this 80% threshold, including the final invoice, will not take place until **ALL** report deliverables are received at [ipareport@ohioauditor.gov](mailto:ipareport@ohioauditor.gov) and the AOS Center for Audit Excellence (CFAE) has accepted them for release. The IPA and the appropriate AOS regional Chief Auditor will receive a letter from the CFAE when this has occurred.

**Q:** When may our firm release the final audit report to the entity?

**A:** The deliverable dates may be different for each client and will be included in the RFP. Generally, the IPA is required to submit the final report to the AOS' CFAE within 6 months after the end of the audit period. After the CFAE's review and approval of the report, it will be released by the AOS and made available on the AOS website. Upon release of the report, the entity's designated representative will also be notified and sent a copy of the report; however, the entity should be able to obtain a copy of the report from your firm at any time after submission to the AOS, provided the report is accompanied by a Transmittal Letter including the following language:

*"This report is subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or OMB Circular A-133."*

## **SCORING**

**Q:** How can a firm obtain its current scores? **(UPDATED)**

**A:** Each firm can access their current scores by logging into their account through the IPA Portal.

**Q:** How is the timeliness score calculated?

**A:** The timeliness score is automatically calculated based on the due date versus the date received by the Auditor of State. Points are calculated as follows:

Days Past Due Date	Points
0	10
1-2	9
3-7	8
8-14	7
15-21	6
22-28	5
29-49	4
50-63	3
64-77	2
78-91	1
92 or more	0

In addition, **if recalled**, points will automatically be deducted based on the date returned to IPA and the date returned from IPA. If there is no date returned to the IPA, the following would not apply:

Days to Resubmit Corrected Report	Points Deducted
0-14	-2
15-28	-5
29-56	-8
57 or more	-10

(Note: Zero is the lowest score that will be given for timeliness overall and for an individual audit.)

**Bonus Points** will be given for any individual IPA audit that is received by the Auditor of State as follows **and is not recalled**:

Days Submitted After Period End Date:	Points Added
90	3
120	2
150	1

(Note: The bonus points are based on the end of the audit period rather than the IPA due date and will only be awarded if the report is not recalled. While the IPA can receive bonus points on individual audits, the highest score that will be given for timeliness overall is 10.)

The overall timeliness score for each firm is the average of the scores for all reports certified by the Auditor of State in the past two years.

**Q:** How is the backlog score calculated?

**A:** The backlog score is a real-time calculation of each firm's current backlog based on two components: 1) the total percentage of reports submitted past the due date in the last year; and 2) all reports which have not been submitted to the Auditor of State, which are past the due date. The score is generated based on the following percentage of late reports:

0% to less than 3% - 5 points
3% to less than 6% - 4 points
6 % to less than 9% - 3 points
9% to less than 12% - 2 points
12% to less than 15% - 1 point
15% or more - 0 points

**Q:** How will a new firm's proposal/bid be scored?

**A:** With the exception of the scores related to history of past submissions and backlog, new firms will be scored the same as firms which have previously contracted with the Auditor of State. Since the Auditor of State wants to encourage new firms to express interest in bidding, but those firms do not have scores related to past submissions/backlog, the following scores will be assigned:

Timeliness Score – 60% of possible maximum score of 10 – **6 points**  
Report Quality Score – 60% of possible maximum score of 5 – **3 points**  
Workpaper Quality Score – 100% of possible maximum score of 5 – **5 points**  
Backlog Score – 100% of possible maximum score of 5 – **5 points**

### **COMMUNICATIONS AND QUESTIONS**

**Q:** I have other questions regarding the AOS IPA Contracting Process or my firm’s registration account. Who do I ask?

**A:** All questions should be submitted to [ipacorrespondence@ohioauditor.gov](mailto:ipacorrespondence@ohioauditor.gov).