

# MISSISSIPPI HEALTH CARE TRUST FUND



## REQUEST FOR PROPOSALS

### ◆ PROFESSIONAL AUDITING SERVICES ◆

APRIL 5, 2007

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# **Health Care Trust Fund Request for Proposals - Professional Auditing Services**

## **I. INTRODUCTION**

### **A. OVERVIEW OF THE HEALTH CARE TRUST FUND (HCTF) PROGRAM**

The Mississippi Legislature declared that the funds received by the State of Mississippi from the tobacco companies in the settlement of a certain lawsuit brought against those companies by the State of Mississippi or as a result of the settlement of any lawsuit brought against tobacco companies by another state, should be applied toward improving the health care of the citizens and residents of the state. The HCTF was created by the Mississippi Legislature in 1999 for the deposit of funds received by the State of Mississippi as a result of the tobacco settlement, including income derived from the investment of the fund. The program's statutory authority and purpose are controlled by Sections 43-13-401 to 43-13-409 of the Mississippi Code.

The Board of Directors of the HCTF is composed of thirteen (13) members. The seven voting members are comprised of the State Treasurer or his designee, the Attorney General or his designee, and one member from each congressional district, appointed by the Governor with the consent of the senate. Two nonvoting, advisory members of the Senate and one nonvoting, advisory representative of the health care community are appointed by the Lieutenant Governor. The Speaker of the House appoints two nonvoting, advisory representatives and one nonvoting, advisory representative of the health care community. HCTF is administered as a division of the Mississippi Treasury Department, under the administrative authority of the State Treasurer.

The HCTF began operations in March, 1999. The audit for the fiscal years ending June 30, 2001 was the first year for the issuance of a separate report on the financial statements for the HCTF. Previous years audits were performed in conjunction with the State Auditor's Audit of Mississippi's Comprehensive Annual Financial Report.

### **B. GENERAL INFORMATION**

**The HCTF program is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2007 and 2008.** These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, as well as the following additional requirements:

1. Special items or reports as prescribed by the State Auditor's office, copies of which will be furnished by the State Auditor's Office.
2. Compliance with applicable state law.

There is no expressed or implied obligation for the HCTF to reimburse responding firms for any expenses incurred in preparing proposals in response to this Request for Proposals (RFP).

**To be considered, five copies of a proposal must be received by Betsy McLean, CFA, Chief Investment Officer, MS Treasury Department, 1101 Woolfolk Bldg., Suite A, Northwest Street, Jackson, MS 39201 or P.O. Box 138, Jackson, MS 39205 by no later than 5:00 PM on Friday, May 4, 2007.** The HCTF Board of Directors and the State Treasury Department reserve the right without prejudice to reject any or all proposals submitted. Proposals will be evaluated by the Audit Committee selected by the HCTF Board of Directors.

During the evaluation process, the Audit Committee and the HCTF reserve the right, where it may serve the best interest of the HCTF, to request additional information or clarifications from bidders, or to allow corrections of errors or omissions. At the discretion of the HCTF or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The HCTF reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly noted in the proposal submitted and confirmed in the contract between the HCTF and the selected firm.

It is anticipated that the selection of a firm will be completed by **May 23, 2007**. Upon approval by the HCTF Board and the State Auditor's Office, a contract will be executed with the selected firm as soon as possible after that date.

#### C. TERM OF ENGAGEMENT

The State Auditor's Office has given the HCTF Board the authority to execute a contract for professional auditing services for the two fiscal years ending **June 30, 2007 and June 30, 2008**.

## **II. NATURE OF SERVICES REQUIRED**

### **A. GENERAL**

The HCTF is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2007 and 2008. This audit is to be performed in accordance with the provisions contained in this request for proposals.

### **B. SCOPE OF WORK TO BE PERFORMED**

The HCTF desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the supporting schedules. However, the auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards in the United States of America.

The State of Mississippi implemented GASB 34 for the fiscal year ending June 30, 2002. Firms should be knowledgeable of this standard and its requirement.

The audit firm shall also perform the following procedures at the request of the State Auditor:

1. Examine the GAAP reporting packages and underlying records prepared by the HCTF staff for completeness and accuracy for inclusion in the State of Mississippi's Comprehensive Annual Financial Report (CAFR).
2. Assist and advise the HCTF Staff in preparing adjusting entries to the trial balances prepared by the Department of Finance and Administration (DFA) based on the HCTF's GAAP Packages in order to adjust the trial balances. Adjustments must be submitted to the State Auditor's office for processing in accordance with deadlines set in Section IV. D.
3. The audit firm should review the notes for compliance with applicable GASB statements and notify the State Auditor's authorized representative of noncompliance and errors.
4. Perform extensive audit work pertaining to GASB Statement 3 - Deposits and Investments. The audit firm will be required to:

- a. Categorize in accordance with GASB Statement 3 all deposits and investments of the agency being audited in the notes to the statewide financial statements.
  - b. Provide sufficient documentation to support the “basis” for categorizing these deposits and investments.
5. Obtain a plan of corrective action for any control deficiencies noted from the HCTF in accordance with instructions provided by the State Auditor’s Office.
  6. Submit to the State Auditor’s Office a letter of representation.

C. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this request, the audit shall be performed in accordance with the generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U. S. General Accounting Office’s Government Auditing Standards.

D. REPORTS TO BE ISSUED

Following the completion of the audits of each fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
2. A report on compliance and on the internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.

In the required report on internal controls, the auditor shall communicate any significant deficiencies found during the audit. A significant deficiency shall be defined as a control deficiency, or a combination of control deficiencies, that adversely affects the organization’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with GAAP such that there is a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected.

Significant deficiencies that are considered to be material weaknesses shall be identified as such in the report.

Deficiencies that were not considered significant enough to be communicated as significant deficiencies shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

3. In the required report on compliance with applicable laws and regulations, the auditor should communicate any instances of noncompliance that are required to be reported under Government Auditing Standards. All non-material instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.
4. A report on irregularities and illegal acts (if applicable).

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Budget / Audit Committee of the HCTF Board of Directors.

5. Reporting to the HCTF Audit Committee.

Auditors shall assure themselves that the HCTF Audit Committee is informed of each of the following:

- a. The auditor's responsibility under generally accepted auditing standards.
- b. Significant accounting policies.
- c. Management judgments and accounting estimates.
- d. Significant audit adjustments.
- e. Other information in documents containing audited financial statements.
- f. Disagreements with management.
- g. Management consultation with other accountants.
- h. Major issues discussed with management prior to retention.
- i. Difficulties encountered in performing the audit.

#### E. SPECIAL CONSIDERATIONS

1. The financial statements of the HCTF are included as a major fund of the primary government of the State of Mississippi in the financial statements of the State of Mississippi. The auditor will be required to provide special assistance to the State of Mississippi's auditors, as necessary.
2. The Health Care Trust Fund's investment portfolio includes not only domestic equity and fixed income securities, but also international equity securities. Bidders should indicate in their proposals their level of experience in auditing such investments.

F. ACCESS TO WORKING PAPERS

The firm shall respond to the reasonable request of successor auditors relating to matters of continuing accounting significance. Working papers will be made available to the State Auditor's Office or the HCTF staff<sup>1</sup>.

III. DESCRIPTION OF THE GOVERNMENT ENTITY

A. NAME AND TELEPHONE NUMBERS OF CONTACT PERSONS

The auditor's principle contacts with the HCTF will be

Betsy McLean, Chief Investment Officer, MS Treasury Department  
(Phone: 601-359-3536; E-mail: [bmclean@treasury.state.ms.us](mailto:bmclean@treasury.state.ms.us) )

Felicia Myrick, HCTF Accountant, MS Treasury Department  
(Phone: 601-359-3846; E-mail: [fmyrick@treasury.state.ms.us](mailto:fmyrick@treasury.state.ms.us) )

B. LOCATION OF OFFICES

The HCTF's offices are located in the Woolfolk State Office Building, 501 North West, 11<sup>th</sup> Floor, Suite A, Jackson, MS 39201. The mailing address is P. O. Box 138, Jackson, MS 39205.

C. BUDGETARY BASIS OF ACCOUNTING

The HCTF operates two funds, classified as Special Revenue Funds under GAAP. Annual budgets are legally adopted as specified under GAAP for Special Revenue Funds. HCTF is administered as a division of the Mississippi Treasury Department, under the administrative authority of the State Treasurer.

IV. TIME REQUIREMENTS

A. PROPOSED CALENDAR

The following is a list of key dates up to and including the date proposals are due to be submitted:

<b>Request for Proposals Issued:</b>	<b>April 5, 2007</b>
<b>Due Date for Proposals:</b>	<b>May 4, 2007</b>

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<sup>1</sup> These records will be maintained for at least five (5) years; however, if any litigation or other legal action, by or on behalf of the State, has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

B. NOTIFICATION AND CONTRACT DATES

**Selected Audit Firm Notified:** May 24, 2007  
**Contract Date:** As soon as possible after notification

C. DATE AUDIT MAY COMMENCE

Preliminary audit work on the June 30, 2007 audit may begin during the month of **July, 2007** or at such time as may be mutually agreed to by the auditor and the Chief Investment Officer.

Trial Balances on the HCTF's funds as of June 30, 2007 will be completed by HCTF staff by the first week of August, 2007.

D. SCHEDULE FOR FISCAL YEAR 2007 AUDIT

1. The auditor shall provide the HCTF with a complete audit plan and a list of all schedules to be prepared by HCTF by **July 25, 2007**.
2. The auditor should complete all audit fieldwork by no later than **August 29, 2007**.
3. The auditor shall have a preliminary draft of the audit report available for review by the HCTF Audit Committee by **September 4, 2007**. At this time, any adjustments needed to be posted by the Department of Finance and Administration to the original GAAP packets should be submitted to the State Auditor's Office for approval and processing.

E. ENTRANCE CONFERENCE, PROGRESS REPORTING AND EXIT CONFERENCES

At a minimum, the following conferences should be held by the dates indicated on the schedule.

Entrance Conference July 2007

This meeting with the Deputy Treasurer, the Chief Investment Officer (CIO), staff, and representatives of the Audit Committee and the State Auditor's Office will be used to establish overall liaison for the audit, to schedule preliminary audit work, and to make arrangements for work space and other needs of the auditor.

Exit Conference Within 30 days of fieldwork completion.

This meeting with the Deputy Treasurer, the CIO, staff and representatives of the Audit Committee and the State Auditor's Office shall be held within thirty (30) days after the completion of all fieldwork. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

F. DATE FINAL REPORT IS DUE

The HCTF staff shall prepare draft financial statements, GAAP Packages, notes and all required supplementary schedules for the HCTF Annual Financial Report and GAAP Packages by July 31, 2007. **A preliminary draft of the audit report, financial statements, notes and all required supplementary schedules shall be delivered to the HCTF Director and the State Auditor's Office by September 4, 2007. The auditor shall provide all recommendations, revisions and suggestions for improvement to the HCTF Director by September 30, 2007.**

The Deputy Treasurer, the CIO, and the Audit Committee will complete their review of the preliminary draft as expeditiously as possible. During that period the auditor should be available for any meetings that may be necessary to discuss the audit report. Once all issues for discussion are resolved, the final signed report shall be delivered to the CIO within twenty (20) working days.

A sufficient number of copies of the final report to present one to each member of the HCTF Board of Directors shall be delivered to Betsy McLean, Chief Investment Officer with the MS Treasury Department. Two copies of the final report shall be delivered to the State Auditor's Office.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. ADMINISTRATIVE AND CLERICAL ASSISTANCE

The HCTF Staff will be available during the audit to assist the audit firm by providing information, documentation and explanations.

B. WORK AREA, TELEPHONES, PHOTOCOPYING AND FAX MACHINES

The HCTF will provide the auditor with reasonable work space, desks and chairs. The auditor will also have access to telephones, photocopying facilities and a fax machine.

C. FINANCIAL STATEMENT PREPARATION

The HCTF staff will prepare the financial statements, notes and supporting schedules for auditor review.

## VI. PROPOSAL REQUIREMENTS

### A. GENERAL REQUIREMENTS

1. Inquiries concerning the request for proposals must be addressed to:

Betsy McLean, CFA  
Chief Investment Officer  
Mississippi Treasury Department  
P.O. Box 138  
Jackson, MS 39205  
(601) 359-3536  
bmclean@treasury.state.ms.us

2. Submission of proposals:

The following material is required to be received by 1:00 PM on Friday, May 4, 2007 in order for a proposing firm to be considered for this engagement:

- a. Five copies of a proposal, including the following:

- 1) Title Page – including the firm’s name, address telephone number, contact person, and the date of the proposal.
- 2) Table of Contents.
- 3) Transmittal Letter – a signed letter of transmittal briefly stating the bidder’s understanding of the work to be done, the commitment to perform the work within the specified guidelines and time period, a statement as to why the firm believed itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for two (2) months.
- 4) Detailed proposal – the detailed technical proposal should follow the order set forth below in Section VI. B of this RFP.
- 5) Executed copies of Bidder Guarantees and Warranties attached to this RFP (Appendix A).
- 6) A completed cost proposal (Appendix B).

- b. Bidders should deliver the completed proposal as specified above to the following address:

Betsy McLean, CFA  
Chief Investment Officer  
Mississippi Treasury Department  
1101- A Woolfolk Building  
Jackson, MS 39201

OR

P.O. Box 138  
Jackson, MS 39205

## B. TECHNICAL PROPOSAL

1. General Requirements – the purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of HCTF in conformity with the requirements of the RFP. As such, the substance of proposals will carry more weight than their form or method of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The technical proposal should address all the points outlined in the RFP and cover letter. The proposal should be prepared simply and economically, providing a straightforward, concise description of the bidder's capabilities to satisfy the requirements of this RFP. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

2. Specific Requirements
  - a. Independence – the firm should provide an affirmative statement that it is independent of the HCTF, the State of Mississippi, the Mississippi Treasury Department and any other component units of that entity, as defined by generally accepted auditing standards.
  - b. License to Practice in Mississippi – an affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Mississippi.

- c. Firm Qualifications and Experience – the proposal should state the size of the firm, the size of the firm’s governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of professional staff to be assigned to this engagement. If the bidder is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

- d. Partner, Supervisory and Staff Qualifications and Experience - The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to this engagement and indicate whether each such person is licensed to practice as a certified public accountant in Mississippi. The proposal should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to this engagement and indicate whether each such person is licensed to practice as a certified public accountant in Mississippi. The proposal should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm should also indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the HCTF. However, the HCTF retains the right, in either case, to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written approval of the HCTF, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the bidder provided that replacements have substantially the same or better qualifications or experience.

- e. Prior Engagements with HCTF or the Mississippi Treasury Department – the firm should list all engagements performed within the past five (5) years for HCTF or the Mississippi Treasury Department. For each engagement, the firm should indicate the scope of the work, date, engagement partners, and the total hours.
- f. Similar Engagements with Other Governmental Entities – for the firm’s office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work performed, date, engagement partners, total hours, and name and telephone number of the principal client contact.
- g. Specific Audit Approach – the proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. In developing the work plan, reference should be made to such sources of information as the HCTF draft financial statements and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Bidders will be required to provide the following information on their audit approach:

- 1) Proposed segmentation of the engagement.
- 2) Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- 3) Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- 4) Extent of use of EDP software in this engagement.
- 5) Type and extent of analytical procedures to be used in the engagement.
- 6) Approach to be taken to gain and document an understanding of HCTF’s internal control over financial reporting.
- 7) Approach to be taken in determining laws and regulations that will be subject to audit test work.
- 8) Approach to be taken in drawing audit samples for purposes of tests of compliance.

- h. Identification of Anticipated Potential Audit Problems – the proposal should identify and describe any anticipated potential audit problems, the firm’s response to resolving those problems and any special assistance that will be requested from the HCTF.
- i. Report Format – the proposal should include sample formats for the required reports.

### C. DOLLAR COST BID

#### 1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The format should be as shown in Appendix B to this RFP.

The HCTF requests a detailed bid for the fiscal year ending June 30, 2007 and a combined bid for the two fiscal years ending June 30, 2007 and 2008 (See Appendix B). The HCTF Board reserves the right to award a contract for only the first year, or for both years under one contract.

The HCTF will not be responsible for expenses incurred in preparing and submitting the firm’s proposal. Such costs should not be included in the proposal.

#### 2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The dollar cost bid should include a schedule of professional fees and expense, presented in the format provided in the attachment (Appendix B) that supports the total all-inclusive maximum price.

#### 3. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price Bid.

Out-of-pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by HCTF for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented in the dollar cost bid as shown on Appendix B. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

#### 4. Rates for Additional Professional Services

If it should become necessary for the HCTF to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the HCTF and the firm. Any such additional work dictated by the addendum shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

#### 5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. In no case will HCTF pay in advance for work not yet performed. HCTF reserves the right to withhold up to ten percent (10%) from each invoice pending completion of the firm's final report and delivery of all requested memoranda, notes and adjustments, if any, as identified in Section II.B of this RFP.

### D. BACKGROUND INFORMATION TO BE PROVIDED

1. Does your firm have any current or previous audit clients that have filed for bankruptcy or reorganization in the past five years? If so, what type of opinion was given in an audit report submitted by your firm within eighteen months prior to the initial filing? If an unqualified opinion was given, did your report include an explanatory paragraph in accordance with the provisions of Statement of Auditing Standards Number 59, "The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern"?
2. Is there any pending or settled litigation against your firm relating to accounting, auditing, tax or other services within the last five years?
3. Does your firm have any current or previous clients who are or were under investigation by any federal or state regulatory, governing or oversight entity within the past five years?
4. Provide a list of your firm's largest ten current and previous audit and tax clients ranked by fees for your fiscal years 2005 and 2006. Please include a separate list for both 2005 and 2006.

5. Has your firm received notice of any request to appear or respond to inquiries of the State Board of Public Accountancy concerning your firm or any of your clients during the past five years? If so, please provide information on the nature of these inquiries.

## **VII. EVALUATION PROCEDURES**

### **A. TREASURY STAFF**

Proposals submitted will be evaluated by the Treasury staff, which will, in turn, recommend three (3) finalists to the Health Care Trust Fund board of directors.

### **B. REVIEW OF PROPOSALS**

The Treasury staff will use a point formula during the review process to score proposals. Each member will first score each technical proposal by each of the criteria described in the following Section VII.C. The Treasury staff will convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from consideration.

After the composite technical score is established, a price score will be established following the same procedure as above.

The technical score and the price score will be added together to determine a total score for each proposal. The three firms with the highest technical scores will receive primary consideration for contract. The price will also be an important factor, since the HCTF wants the highest qualified firm at the lowest possible price. On this basis, the HCTF retains the right to negotiate with any firm.

The HCTF reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

### **C. EVALUATION CRITERIA**

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements
  - a. The audit firm is independent and licensed to practice in Mississippi.
  - b. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.

- c. The firm has no conflict of interest with regard to any other work performed by the firm for HCTF or the State of Mississippi.
  - d. The firm adheres to the instructions in the RFP on preparing and submitting the proposal.
2. Technical Qualifications: (Maximum Points - 75)
- a. Expertise and Experience: (Maximum Points - 38)
    - 1) The firm's past experience and performance on comparable governmental engagements.
    - 2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
    - 3) The firm's past experience and performance on audits of governmental pension funds.
  - b. Audit Approach (Maximum Points - 37)
    - 1) Adequacy of proposed staffing plan for various segments of the engagement.
    - 2) Adequacy of sampling techniques.
    - 3) Adequacy of analytical procedures.
    - 4) Adequacy of audit plan for electronic data processing function.
3. Price: (Maximum Points - 25)

Cost will not be the primary factor in the selection of an audit firm.

#### D. ORAL PRESENTATIONS

The three firms selected as finalists as a result of the evaluation process will be asked to make oral presentations before the HCTF board of directors. Such presentations will provide firms with an opportunity to answer any questions the board may have on the firm's proposal.

#### E. FINAL SELECTION

The HCTF Board of Directors will select a firm based upon the recommendation of the Treasury staff and the oral presentations by the finalists.

F. RIGHT TO REJECT PROPOSALS

The HCTF Board reserves the right without prejudice to reject any or all proposals.

G. CONSIDERATION OF PROPOSALS AS PUBLIC RECORD

All proposals and any supplemental material submitted in response to the RFP shall be considered to be public records under the Mississippi Public Records Act of 1983 (Miss. Code Sec. 25-61-1 et seq.). As such, the proposals and supplemental materials are available for inspection and copying by the public. **In the event that a portion of a proposal or any supplemental material contains trade secrets or confidential commercial or financial information, each page containing such information shall be clearly labeled as containing trade secrets or confidential commercial or financial information. If a request is made to the HCTF for inspection or copying of such information, HCTF will notify the proposing firm of the request so that the proposing firm may obtain a court order protecting the information in accordance with the provisions of section 25-61-9 of the Mississippi Code.**

If a court order is not obtained protecting the information, HCTF will permit inspection and copying within a reasonable time, as required by the Mississippi Public Records Act of 1983. Please note that the entire proposal cannot be considered confidential.

H. CONTRACT APPROVAL

Mississippi State Personnel Board regulations require approval of audit service contracts by the State Auditor's Office prior to execution of a contract. There is no contract prior to approval by the State Auditor's Office and the execution and signing of a contract by HCTF and the bidder.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between HCTF and the firm selected.

## **Appendix A: Bidder Guarantees & Warranties**

- ❖ The bidder certifies it can and will provide and make available, at a minimum, all services set forth in Section II (Nature of Services Required) of the HCTF Request for Proposals for Professional Auditing Services dated April 5, 2007.
- ❖ The bidder warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of and officers, employees or agents thereof.
- ❖ The bidder warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of HCTF.
- ❖ The bidder warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: \_\_\_\_\_

Name (Typed/Printed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Appendix B:  
Schedule of Professional Fees and Expenses  
for the Audit of the HCTF Fiscal Year 2007 and 2008  
Financial Statements**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates*</b>	<b>Total</b>
Partners		\$	\$	\$
Managers		\$	\$	\$
Supervisory Staff		\$	\$	\$
Staff		\$	\$	\$
Other (Specify)		\$	\$	\$
			<b>SUBTOTAL</b>	<b>\$</b>
<b>Costs for Additional Services Described in Section II of the Request for Proposals (Please provide detail on subsequent schedules)</b>				<b>\$</b>
<b>Out of Pocket Expenses:</b>				
			Meals & Lodging	\$
			Transportation	\$
			Other (Specify)	\$
			<b>Total Out-of-Pocket Expenses</b>	<b>\$</b>
<b>Total All-Inclusive Maximum Price for FY 2007 Audit</b>				<b>\$</b>
<b>Total All-Inclusive Maximum Price for FY 2007 &amp; FY 2008 Audits</b>				<b>\$</b>
<i>*NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total.</i>				