

INDIANA STATE BOARD OF ACCOUNTS
REQUEST FOR PROPOSALS
FOR AUDITING SERVICES

Scope of Work

The State Board of Accounts (SBOA) is requesting proposals from qualified firms of certified public accountants to act as a private examiner in accordance with Indiana Code 5-11-1-7, conducting agreed-upon assigned financial statement attestation engagements on units of government as agreed upon by SBOA and Contractor. The SBOA will provide Contractor with a list of units, engagement type, and budgeted hours for each unit. Contractor will review such list for conflicts and budget. Contractor will note any conflicts, which will be removed from the list, and may propose an amended budget in writing or accept the list as is. If any units are removed for conflict or if budgets are amended, the SBOA shall either accept or reject the amended list in writing.

Contractor will complete each engagement in accordance with auditing standards generally accepted in the United States of America (GAAS), Generally Accepted Government Auditing Standards (GAGAS) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as applicable, as well as *Guidelines for Audit of Hospitals and State and Local Governments by Authorized Independent Public Accountants* and State Examiner Directives.

As required by professional standards to establish an agreement between Contractor and auditee, the Contractor will send an audit engagement letter (AU-C Section 210) to each auditee to confirm the arrangement to provide financial statement auditing, and applicable single audit services, including the audit period, the auditee reporting entity, the basis of accounting, auditor responsibilities and auditee responsibilities, and Contractor engagement terms and conditions. The SBOA will review the auditee engagement letter and terms and conditions requirements. At a minimum, Contractor will require that each auditee sign and return the audit engagement letter and a management representation letter (AU-C Section 580) at the end of the engagement in order to release an opinion on the financial statements.

The audit reporting package will address issues of material noncompliance as they pertain to the auditee. Issues deemed substantial or impactful, based on applicable

guidance from AU-C Section 265 Communicating Internal Control Related Matters Identified in an Audit and the Uniform Compliance Guidelines will be included in a supplemental audit report.

Contractor will submit a draft financial statement audit, applicable single audit report, and draft supplemental report (if applicable) and any separate communications to management and/or those charged with governance for review by SBOA prior to finalizing the engagement. Such drafts shall be sent via email to the Director of Procured Audits at procuredaudits@sboa.in.gov. Workpapers and documentation to support the engagement will be made available for review by the SBOA at the State Examiner's discretion. The auditor opinion and audited financial statement reporting package will be issued under Contractor's firm name.

Contractor shall report to the Director of Procured Audits on the status of its services in performing audits and such report shall be communicated via email to the Director of Procured Audits at procuredaudits@sboa.in.gov.

If any matter comes to the attention of the Contractor that requires the immediate attention of the State Examiner, including but not limited to matters described in Indiana Code 5-11-1-27(j), the Contractor shall communicate with the State Examiner in person, by telephone, or by email at pjoyce@sboa.in.gov.

The Director of Procured Audits will be notified immediately if it is anticipated that the Independent Auditor's Report will be modified in accordance with the Codification of Statements on Auditing Standards contained in AICPA Professional Standards AUC Section 705.

Contractor shall coordinate its financial statement audit and compliance testing with the SBOA and request guidance on SBOA policies and practices and direction provided as part of this engagement, as necessary. Contractor shall respond to and perform reasonable requests for additional services related to the direct activities of the financial statement audit and compliance reporting package based on mutual agreement of Contractor and SBOA as to changes in scope and additional fees, if additional fees are applicable. Scope of work and hours may be modified to address unforeseen risks that are unknown at the time of original engagement but discovered during the audit fieldwork. Additional hours will not be incurred without approval of the scope of work and estimated hours associated with the audit engagement.

Data Security: The State has robust and comprehensive security standards that permeate all levels of the organization. The Indiana Office of Technology (IOT) has been

tasked with establishing and maintaining these security standards. The security standards include assessing security risks, developing, and implementing effective security procedures, and monitoring the effectiveness of those procedures. If the proposed solution involves information technology-related products or services, all such products or services are to be compatible with any of the technology standards found in the Information Security Framework (<https://www.in.gov/iot/iot-vendor-engagement/>) that are applicable. Respondents will be required to sign a Non-Disclosure Agreement (NDA) to access the IOT Information Security Framework; Respondent's should review the IOT Information Security Framework, and ensure that their internal data security processes and practices comply with the State of Indiana security requirements found in IC 4-1-6, IC 4-1-10, and IC 4-1- 11.

- The Contractor and the System will comply with the data security requirements associated with standard accounting industry practices with regard to privacy, PII, etc.

Compensation shall be determined based on the engagement type and portion of an engagement being performed (e.g. the compensation for a federal audit will be comprised of both the regulatory or GAAP financial rate and the federal rate for the corresponding procedures.)