

**ASSOCIATED STUDENTS, INCORPORATED AT
CALIFORNIA POLYTECHNIC STATE UNIVERSITY**
San Luis Obispo

REQUEST FOR PROPOSAL
INDEPENDENT AUDIT SERVICE

1. INTRODUCTION

Associated Students, Incorporated at California Polytechnic State University, San Luis Obispo (*hereinafter ASI*) is a non-profit 501(c)3 auxiliary organization which operates on the campus of California Polytechnic State University in San Luis Obispo, California. The total operating budget for the 2022-23 fiscal year is approximately \$20.1M. ASI operates the campus student union, recreation center, sports complex and childcare center. When fully staffed, ASI employs approximately seventy-five (75) full-time staff and five hundred fifty (550) part-time student staff.

Cal Poly students are assessed separate ASI and University Union fees on a quarterly basis. Use of the fee revenue from each source is accounted for separately. Monthly financial statements are produced for both entities. ASI contracts with the Cal Poly Corporation for business services processing (AP, AR, Payroll processing, etc.). The Corporation provides "back-end" processing and technological support, but ASI Management is completely responsible for day-to-day operational oversight, maintenance of internal controls, and contracting for the annual independent audit.

The intended audience of the Audit Report is the student Board of Directors (a representative governing board elected by the student body), ASI Management, the Cal Poly Senior Vice President for Administration and Finance, the University President, and the California State University.

2. PURPOSE AND OVERVIEW

Through this Request for Proposal (RFP), the Associated Students, Incorporated is seeking external financial statement audit services from one of the California State University's list of Approved External Auditors (Qualified Firm). Auditing services will begin with the 2022-23 fiscal year (ending June 30th).

ASI invites experienced and qualified, independent certified public accountants licensed in the State of California to submit proposals to perform specific financial and compliance auditing functions in accordance with the following specifications listed below.

3. RFP SCHEDULE

RFP Issuance Date:	January 17, 2023
Deadline for Questions:	January 27, 2023
Addendum Issued (if questions are received):	February 3, 2023 (estimated)

Proposal Due Date:	February 15, 2023; 2:00 PM (PT)
Finalist Interviews (if necessary):	Week of February 27, 2023 (estimated)
Notice of Intent to Award:	March 8, 2023 (estimated)

The RFP Schedule (above) may be modified at the option of ASI; however, should the deadline for questions/clarifications or receipt of proposals change, an Addendum to the RFP will be provided.

4. SCOPE OF SERVICE

4.1. EXAMINATION OF FINANCIAL STATEMENTS

The audit will cover all Associated Students, Inc. and University Union funds and shall be conducted on an accrual basis in accordance with generally accepted auditing standards as adopted for auxiliary organizations by the American Institute of Certified Public Accountants (AICPA).

The examination shall conform with the auditing standards contained in the Audits of Certain Non-Profit Organizations, published by the AICPA and dated May 2007 or later, and as further specified by the Cal Poly Senior Vice President for Administration and Finance and the California State University Chancellor's Office.

The examination shall also be made in compliance with the laws of the State of California, in particular California Code of Regulations, Section 42400 et. seq. and applicable directive and executive orders published by the CSU system.

4.2. REQUIRED REPORTS

4.2.1. Financial Statements - The audit reports, supplementary information, and the appropriate notes or comments will be prepared by the auditor in accordance with the audit guidelines established by ASI, the Cal Poly Senior Vice President for Administration and Finance, and the CSU. Twenty (20) bound copies of each financial statement will be required.

4.2.2. Management Letters - A management letter will be required which may include findings, observations, opinions, comments, or recommendations with regard to systems of internal control, accounting systems, compliance with laws, rules and regulations, or any other material information that is discovered during the course of the audit.

Any findings, observations, opinions, comments or recommendations shall not be construed as special or additional studies but shall be limited to those usually associated with such an examination.

4.2.3. Supplementary Information - Various supplementary reports are required within the Audit Reports. Samples of these reports can be viewed in the sample FY 2021-2022 Audit Reports provided with the bid package. These reports include specific information required for the ASI Children's Center, and information required by the CSU system for inclusion in the system-wide financial reports.

4.2.4. Federal Compliance Audit - A report on internal control and compliance in accordance with Federal OMB Circular A-133 may be required.

4.3. SCHEDULE OF REPORTS

The auditor is required to submit the auxiliary organization Audited Financial Statements, Supplemental Schedules, and Management Letters by the due date set forth annually by the CSU system or within 65 days of the fiscal year end (June 30th), whichever occurs first.

4.4. MEETING REQUIREMENTS

4.4.1. Pre-Audit Conference - A pre-audit conference with ASI management staff will be held to set the audit schedule and review the scope of the audit. The auditor may commence examination on June 1 of the year being audited or at an earlier date mutually agreeable with ASI.

4.4.2. Audit Entrance Meeting - A formal audit entrance meeting with ASI officers, management, and university officials will be held after the pre-audit conference. The schedule and the scope of the audit will be reviewed at this meeting.

4.4.3. Exit Meeting - A formal audit exit meeting will be held with ASI officers, management, and university officials to report the audit results, findings, and recommendations. Draft copies of the audit report and management letter will be provided at this meeting

4.4.4. Board of Directors Workshop - An in-person, informal Board of Directors workshop will be held to review the purpose and scope of the audit. The workshop is intended to be an educational session to assist board members in understanding the audit process. Additionally, results, findings and recommendations will be shared. The workshop will be held no later than October 15th for each year the auditor is under contract with ASI.

4.4.5. Board of Directors Meeting – If requested, the final audit presentation will be made, in person, at a regularly scheduled Board of Directors meeting no later than the established timelines set forth by ASI each year that the auditor is under contract with ASI; typically, early September.

4.5. TAX PREPARATION AND OTHER SPECIAL SERVICES

The Associated Students, Inc. files certain non-profit federal and state tax returns. The proposal shall provide data regarding the firm's expertise in tax matters and the fee schedule for such services. The auditing firm will be required to prepare the tax reports required by the Internal Revenue Service, the Franchise Tax Board and the Registrar of Charitable Trusts.

4.6. ADDITIONAL SERVICES SOUGHT

4.6.1. Extraordinary Events - Proposals shall contain provisions to the effect that in the event disclosures in the audit indicate extraordinary circumstances that warrant more intensive

and detailed services, the Proposer shall provide, in advance, all pertinent facts relative to the extraordinary circumstances, together with Proposer's fee basis for such additional services to the Board of Directors.

4.6.2. Other General Accounting Matters - During the course of normal operations, ASI may occasionally look for assistance and opinion on general accounting matters not necessarily audit related. The proposal shall provide a fee schedule for assisting with these types of inquiries.

5. TERM

The initial audit term will cover the audits of fiscal years 2022-23 through 2024-25 with an option to renew for two additional fiscal years at the sole discretion of the auxiliary governing board. Continued engagement of the ASI audit beyond the first fiscal year engagement is based on satisfactory performance of services as determined by ASI, and will be subject to review and adjustment of audit scope as needed to comply with requirements established by the University CFO or designee. ASI reserves the sole option to terminate any agreement if the prior years' service is deemed unacceptable.

The audit firm selected shall commit the terms and conditions of the mutually approved audit engagement to a formal Letter of Engagement to be executed by the firm and ASI no later than April 7, 2023. The selected bidder will begin work no later than April 14, 2023 for audit service for the 2022-23 fiscal year (July – June).

6. METHOD AND BASE OF COMPENSATION

Proposals shall set forth the hourly rates and the maximum amount of compensation to audit the Associated Students, Inc. financial records for each fiscal year requested. Attendance at meetings to provide presentations, reports, etc. shall be considered as part of the proposed amount.

In addition, the proposal shall include the maximum amount of compensation for the requested tax preparation services for each of the fiscal years included in the proposed term.

The firms are encouraged to propose whatever method of compensation would be to the best mutual advantage of ASI and the audit firm.

7. INSTRUCTIONS TO THE BIDDER

Proposals are due no later than February 15, 2023; 2:00 PM (PT). It shall be the sole responsibility of the bidder to ensure all documents are received in a timely manner. No facsimile or email proposals will be considered. Proposals received after 2:00 P.M. (PT) on February 15, 2023 will not be considered. No Exceptions.

A minimum of seven (7) hard copies of the proposal shall be submitted to the following address:

Heather Zacker, Director – Finance
Associated Students, Inc.

California Polytechnic State University
1 Grand Avenue
San Luis Obispo, CA 93407

Any questions regarding this RFP are due in writing no later than January 27, 2023. Questions shall be addressed to Heather Zacker, Director – Finance, via email at hzacker@calpoly.edu.

ASI may modify this RFP, any of its key action dates, or any of its attachments, prior to the due date for submission by issuance of a written addendum posted to the ASI website through the Request for Proposals link on the following webpage: <https://www.asi.calpoly.edu/discover-asi/public-documents/>.

Proposals should be submitted in the format described in the RFP. Proposals in any other format will be considered informal and may be rejected. Conditional proposals will not be considered. All proposals must be signed by an individual authorized to extend a formal proposal. Proposals that are not signed may be rejected.

If submitting any information, you consider to be proprietary, you must clearly mark on each page, “Proprietary Information”.

ASI reserves the right to reject any and all proposals or any part thereof, or to accept any proposals, or any part thereof, or to withhold the award and to waive or decline to waive irregularities in any proposal when it determines that it is in its best interest to do so. ASI also reserves the right to hold all proposals for a period of 120 days after the closing date and the right to accept a proposal not withdrawn before the scheduled proposal due date.

ASI considers all costs incurred by organizations in the preparation of proposals non-reimbursable.

8. PROPOSAL CONTENT AND FORMAT

Proposals shall include the following information listed below. Any proposal not including the required information may be deemed non-responsive, and therefore disqualified from further consideration.

8.1. Affirmative statements confirming:

8.1.1. All elements of the RFP have been read and understood.

8.1.2. The responding firm’s understanding of the work to be completed.

8.1.3. Individual signing and submitting the proposal is authorized to extend the proposal and contractually bind the proposing firm. Provide individual’s name and title.

8.2. Description of the audit approach including illustrations of the procedures and processes to be followed.

8.3. Proposed audit timeline including the approximate date the audit will begin, estimated fieldwork dates and estimated date of completion.

- 8.4. Identification of the key staff who will be assigned to the project. Provide biographies including experience in (FASB) organizations auditing and tax preparation.
- 8.5. Copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.
- 8.6. Three references - at least one of which must be a CSU auxiliary organization preferably (FASB). Our interest for references are with the account managers or equivalent (the person your firm reported to). Please provide their reference contact name, title, company/campus name, phone number and date audit service was provided.
- 8.7. The not-to-exceed fee for performing the engagement, including all out-of-pocket expenses. In addition, indicate the rates by level of staff for performing extraordinary services. Please detail the expected level of fees for each year of the engagement and reference any inflation indices used to determine the fees. The proposed fee schedule shall separately list out the costs for financial statement examination (audit), tax preparation, and the hourly rate for any miscellaneous services that may be requested.

9. EVALUATION CRITERIA

Firms with demonstrated experience and competency in governmental or CSU Auxiliary Organization auditing are invited to respond. A committee will review, evaluate, and score all responsive proposals based on these categories (not listed in order of importance):

- Quality of Proposal Submission (professionalism and attention to detail)
- Proposed Methodology/Solution
- Timeline for Performance of Services
- Experience of Staff
- Peer Review
- Quality of Customer Service (including references)
- Cost

Award shall be made to the responsive, responsible Bidder whose proposal and presentation is determined to be the most advantageous to ASI based on a combination of the evaluation committee's scoring of the Evaluation Criteria listed above and Finalist presentation scores. As indicated above, price will not be the sole determining factor.

10. DOCUMENTS AND ATTACHMENTS

Below are links to the following information that could be helpful for proposal preparation.

- 10.1. The Associated Students, Inc. Fiscal Policy including policy statement on external audit engagement: <https://www.asi.calpoly.edu/discover-asi/public-documents/forms-policies/asi-governing-documents-forms-policies/>

- 10.2.** The Associated Students, Inc. financial data including prior year audited financial statements and IRS form 990: <https://www.asi.calpoly.edu/discover-asi/public-documents/forms-policies/financial-forms-policies/>
- 10.3.** ASI Mission Statement and Values: <https://www.asi.calpoly.edu/discover-asi/about-asi/>
- 10.4.** ASI Organizational Chart:
https://www.asi.calpoly.edu/wpcontent/uploads/2022/11/CORP_ASI-Org-Chart_FA22-1.pdf
- 10.5.** ASI Request for Proposals for Independent Audit Services, including Addendums (if necessary): <https://www.asi.calpoly.edu/discover-asi/public-documents/>