

**STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Request for Proposal - Auditing Services**

**October 10, 2019**

**I. Introduction**

The State Public School Building Authority (SPSBA) and the Pennsylvania Higher Educational Facilities Authority (PHEFA) are soliciting proposals for the performance of annual auditing services in accordance with Generally Accepted Auditing Standards (GAAS). A separate audit report is required for each authority (collectively the Authorities) which is overseen by a 5-member Audit Committee. SPSBA is the operating agency for both Authorities.<sup>i</sup> A copy of the current audit report is available on each Authority's website, [www.spsba.org](http://www.spsba.org) and [www.phefa.org](http://www.phefa.org).

SPSBA is a public corporation and governmental instrumentality of the Commonwealth of Pennsylvania.<sup>ii</sup> PHEFA is a public corporation and public instrumentality of the Commonwealth of Pennsylvania.<sup>iii</sup> A 9-member body (Board) comprised of public trustees of the executive and legislative branches of the Commonwealth who act in a fiduciary capacity govern the Authorities.<sup>iv</sup> Both Authorities are considered component units of the Commonwealth for financial reporting purposes. The Authorities provide tax-exempt financing for educational institutions and operate with a staff of 7 employees.

SPSBA serves public schools and community colleges, while PHEFA clients are public and private colleges and universities. The Authorities finance projects through the issuance of bonds, the principal and interest of which are paid by the annual lease/loan payments collected from the borrower.<sup>v</sup> The Authorities have no general liability with respect to these obligations and have no beneficial interest in the related assets held by trustees.<sup>vi</sup> Acting solely in an agency capacity, the Authorities serve as a financing conduit, bringing the ultimate borrower and the ultimate lender together.

**II. Key Contact Office/Person**

SPSBA is the Issuing Office and the sole point of contact for this RFP shall be the Issuing Officer, David Player, Comptroller, 717-975-2207, [dplayer@spsba.org](mailto:dplayer@spsba.org).

**III. Questions and Answers**

Vendors must submit questions by email to the Issuing Officer. The Vendor shall not attempt to contact the Issuing Officer by any other means. Responses to questions will be emailed to all firms that have provided their contact information.

**IV. Key Events**

Firms should indicate their interest in submitting a Request for Proposal (RFP) by emailing their contact information to the Issuing Officer at [dplayer@spsba.org](mailto:dplayer@spsba.org) by *no later than close of*

*business* on Friday, **November 15, 2019**. Firms will receive a response that their email has been received and they have been added to the list of bidders.

As further outlined under **Section VI**, the technical proposal and cost proposal (including the signed form in **Appendix 1**), must be emailed to [dplayer@spsba.org](mailto:dplayer@spsba.org) by *no later than 3 p.m.* on Friday, **December 20, 2019**. Late technical and cost proposals will not be considered.

Selection will be made on or about January 3, 2020.

## **V. Scope of Work**

The term of the contract will commence on the Effective Date of January 15, 2020 and shall be for a total of five (5) years. The first audit period is for the year ending June 30, 2020.

The partner or manager in charge of the audit shall be available to meet with SPSBA staff, the Audit Committee, and the Board, as necessary, to ensure full and proper communications.

SPSBA staff will prepare the financial statements and be available during the audit to answer questions and provide additional documentation/supporting schedules. SPSBA and PHEFA follow the accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). As noted in the current audited financials, SPSBA and PHEFA exclude conduit debt obligations, and the related assets held by trustees, from the financial statements. Conduit debt obligations are disclosed in the detailed footnotes to the financial statements.

The audit and opinion shall be provided for both SPSBA and PHEFA and must be conducted in accordance with GAAS. The firm shall provide draft copies of the audit report for a preliminary review prior to issuing a final report. The annual audit reports must be issued by early September of each year to allow for inclusion in the Commonwealth's Comprehensive Annual Financial Report. SPSBA and PHEFA will require a limited number of copies for distribution as well as an electronic version.

SPSBA and PHEFA view its engagement of an audit firm as an on-going professional relationship in which the firm is expected to provide consultation services during the course of the year. As such, the firm is expected to consult, as required, on all auditing, accounting, financial reporting, and operating questions as they arise, including internal controls. In addition, the firm is expected to provide information on current developments that would affect financial operations and management.

## **VI. Proposal Format and Content**

Firms are required to submit separate proposals for the technical criteria and for cost. The proposals shall provide, at a minimum, the types of information described below:

### **Technical**

A description of the firm's approach and plans for accomplishing the work, outlined in the scope of work section, stated in sufficient detail to permit a fair evaluation. This shall include all pertinent information relating to the firm's organization, background, and personnel to be assigned and a brief description of relevant experience that would

substantiate the bidder's qualifications and capabilities to perform the services described above.

**Bidders must have an office in Pennsylvania and be a professional certified public accounting firm. Relevant experience would include audits of governmental agencies (including public authorities) engaged in bond financing and audits of Commonwealth agencies.** List the client, scope of work, date, engagement partner, and principal client contact for any audit engagements listed as relevant experience.

Identify the key personnel who will be providing the services and a brief description of their experience and educational backgrounds. Indicate the responsibilities each individual will have for this project and how long each has been with the firm. Identify by name any subcontractors you intend to use and the services they will perform.

Include a description of the firm's internal quality control procedures, any material issues raised by peer/governmental/professional quality control reviews, and steps taken to address such issues. Include a copy of the firm's most recent peer review.

Include information on the firm's equal opportunity practices which must: 1) indicate that the firm will not discriminate in violation of the Pennsylvania Human Relations Act (PHRA) and applicable federal laws and establish and 2) maintain a written nondiscrimination and sexual harassment policy and shall inform and train their employees on this policy.

### Cost

Each proposal shall include an approximation of the number of hours per professional skill level needed to complete the engagement, and the corresponding hourly rates. The proposal shall also include a firm, fixed-price base quote for each year of the five (5) year contract period.

The cost proposal must include a signed Appendix 1, detailing the bidder's representations and authorizations.

Material submitted in response to this RFP will become the property of SPSBA. Respondents are responsible for all costs incurred in preparing the proposals and will not be reimbursed by SPSBA. SPSBA reserves the right to request additional information or oral presentations, if necessary.

The proposal of the successful bidder, and this RFP, will become part of the contract awarded as a result of the RFP.

## **VII. Evaluation Criteria**

The following technical criteria will be used to evaluate proposals:

- The bidder's general approach and plans to meet the requirements of the RFP;
- The expertise, qualifications, and experience of personnel;
- The bidder's past performance on projects of similar scope and size;

- The ability of the bidder to successfully complete the project within the proposed schedule;

The contract will be awarded by SPSBA to the bidder providing the optimal balance between quality and cost.

SPSBA reserves the right to reject any or all proposals. Incomplete proposals and conditional acceptances may be rejected as non-responsive. In the event that all proposals are rejected, SPSBA reserves the right to re-solicit proposals.

SPSBA will not be responsible for any expenses in the preparation and/or presentation of the proposals or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

### **VIII. Response Date**

All proposals should be emailed to [dplayer@spsba.org](mailto:dplayer@spsba.org). Firms should submit both a **TECHNICAL PROPOSAL** and **COST PROPOSAL** with each being clearly marked. Please also include a redacted version for Right-to-Know Law requests.

All proposals shall be received by *no later than 3 p.m.* on Friday, **December 20, 2019**

Responses received after 3 p.m. on Friday, December 20, 2019 will not be considered.

Selection will be made on or about January 3, 2020.

**Appendix 1.** Form Pertaining to the Bidder's Representations and Authorizations[PC1].

By submitting its proposal, the bidder understands, represents, and acknowledges that:

1. All of the bidder's information and representations in the proposal are material and important, and the State Public School Building Authority (SPSBA) may rely upon the contents of the proposal in awarding the contract. SPSBA, with the assistance of the Governor's Office of General Counsel, shall treat any misstatement, omission, or misrepresentation as fraudulent concealment of the true facts relating to the proposal submission, punishable pursuant to 18 Pa.C.S. § 4904.
2. The bidder has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other bidder or potential bidder.
3. The bidder has not disclosed the price(s), the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm that is a bidder or potential bidder for this RFP, and the bidder shall not disclose any of these items on or before the proposal submission deadline specified in Section IV. (relating to Key Events) of this RFP.
4. The bidder has not attempted, nor will it attempt, to induce any firm to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
5. The bidder makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm to submit a complementary or other noncompetitive proposal.
6. To the best knowledge of the person signing the proposal for the bidder, the bidder, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the bidder has disclosed in its proposal.
7. To the best of the knowledge of the person signing the proposal for the bidder and except as the bidder has otherwise disclosed in its proposal, the bidder has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the bidder that is owed to the Commonwealth.
8. The bidder is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the bidder cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
9. All of the bidder's information and representations in the bid are material and important and will be relied upon by the SPSBA in awarding the contract. SPSBA, with the assistance of the Governor's Office of General Counsel, will treat any bidder misstatement as fraudulent concealment of the true facts relating to the bid submission, as a punishable offense under Section 4904 of the Pennsylvania Crimes Code, Title 18 of the Pennsylvania Consolidated Statutes.
10. The bidder has not made, under separate contract with SPSBA, any recommendations to SPSBA concerning the need for the services described in its proposal or the specifications for the services described in its proposal.

11. By submitting its proposal, the bidder authorizes the applicable Commonwealth agencies to release to the Commonwealth information concerning the bidder's Pennsylvania taxes, unemployment compensation, and workers' compensation liabilities.
12. Until the selected bidder receives a fully executed and approved written contract from SPSBA, there is no legal and valid contract, in law or in equity, and the bidder shall not begin to perform.

Responsible Person Signing for the Bidder

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

Name:

Title:

---

<sup>i</sup> The Audit Committee's charter was adopted in 2003 and was last updated on September 26, 2019. The SPSBA and PHEFA also have a Budget Committee comprised of 4 members.

<sup>ii</sup> *The State Public School Building Authority Act*, enacted in 1947. See "Purposes and general powers" of the SPSBA at 24 P.S. § 791.4.

<sup>iii</sup> *The Pennsylvania Higher Educational Facilities Authority Act*, enacted in 1967. See "Purposes and general powers" of the PHEFA at 24 P.S. § 5505.

<sup>iv</sup> The members (and their dually appointed designees solely authorized by written proxy) include the following: 1. the Governor; 2. the State Treasurer; 3. the Auditor General; 4. the Secretary of Education; 5. the Secretary of General Services; 6. the President pro tempore of the Senate; 7. the Speaker of the House of Representatives; 8. the Minority leader of the Senate; and 9. the Minority leader of the House of Representatives.

<sup>v</sup> The PHEFA's Prevailing Wage Policy, adopted on June 14, 2007, requires payment of a fair prevailing wage for all projects (i.e., those involving construction and/or renovation).

<sup>vi</sup> The Authorities do not receive an appropriation from the Commonwealth and have two primary revenue sources through management fees charged to clients of the PHEFA and investment income. All investments of the Authorities are governed by an annually updated Investment Policy, which addresses, among others: 1) the Authority's prudence standard (i.e., prudent-person standard) and 2) the Authority's ethics requirements under the Public Official and Employee Ethics Act, including the voting conflict provision (see 65 Pa.C.S. § 1103(j)).