

**REQUEST FOR PROPOSALS FROM
CERTIFIED PUBLIC ACCOUNTING FIRMS
TO SERVE AS INDEPENDENT AUDITOR FOR
THE
ARKANSAS DEVELOPMENT FINANCE AUTHORITY**



**SPECIAL NOTE: YOUR IMMEDIATE ATTENTION IS CALLED TO SECTION I.C.
YOU NEED TO SEND TO US AN E-MAIL ADDRESS FOR
TRANSMISSION OF NOTICES OF INQUIRIES.**

December 14, 2016

**Arkansas Development Finance Authority
900 West Capitol, Suite 310
Little Rock, AR 72201
(501) 682-5900**

SECTION I: INSTRUCTIONS TO PROPOSER/GENERAL INFORMATION

A. PROGRAM INFORMATION. The Arkansas Development Finance Authority (“ADFA” or the “Authority”) is seeking professional service proposals to perform independent auditing services for the Authority. The term of this engagement will be for one (1) year, beginning with the audit for the year ending June 30, 2017, with the possibility of being extended for additional one (1) year terms, with a maximum of six (6) extensions.

Since its creation in 1985, the Arkansas Development Finance Authority has become the State’s largest source of low-cost financing for low-to-moderate income housing development, small industries, government, education, agricultural business enterprises and health care. It is through the issuance of taxable and tax-exempt bonds and notes, the administration of private and public grants and partnering with other State and Federal agencies that ADFA gives Arkansans the most cost-effective financing choices possible. Services to be performed include audit procedures related to ADFA’s financial reporting entity and to funds administered by ADFA for other State agencies. Services also include agreed-upon procedures related to funds received through ADFA’s bond activity for specific programs and related partnerships with federal entities. All of the services requested are outlined in detail in Section II of this Request For Proposal.

More information about ADFA can be found at www.arkansas.gov/adfa and some of the audit reports to which this Request For Proposal applies can be found at <http://adfa.arkansas.gov/adfa-financial-statementfinancial-information>.

B. SUBMISSION OF PROPOSALS. Written proposals responding to the questions and requests for information in the manner specified in this Request For Proposal (“RFP”) should be submitted to the following:

rfp@adfa.arkansas.gov

To be considered, one (1) copy of the proposal should be delivered to ADFA not later than 12:00 p.m. (CST), December 28, 2016, via email. An email will be returned to the proposer acknowledging receipt of the proposal. Late proposals will not be accepted. ADFA reserves the right to reject any or all proposals.

C. ADDITIONAL INFORMATION. It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Cheryl Schluterman, (Cheryl.schluterman@adfa.arkansas.gov), Vice President for Finance and Administration, at (501) 682-5995 or Patrick Patton, (patrick.patton@adfa.arkansas.gov), Vice President for Internal Audit, at (501) 682-5902. Substantive questions and answers will be documented in letterform and will be sent by electronic mail to all the proposers who provide us with an e-mail address. IN ORDER TO BE ON THE DISTRIBUTION LIST FOR INTERNET TRANSMISSION OF ALL RESPONSES

TO INQUIRIES, YOU MUST **IMMEDIATELY** ADVISE PATRICK PATTON OF ADFA THE INTERNET E-MAIL ADDRESS TO WHICH YOU WANT ALL SUCH TRANSMISSIONS SENT.

D. PROPERTY OF ADFA. Any information or materials submitted as a response to this RFP shall become the property of ADFA and will not be returned. All submitted materials will be available for public review.

E. RESPONSE TO REQUEST FOR PROPOSAL. Firms wishing to respond to this RFP may contact the Chair of the Professional Selection Committee, Patrick Patton. **NO CONTACT WITH ADFA BOARD MEMBERS IS ALLOWED AND ANY SUCH CONTACT WILL BE GROUNDS FOR IMMEDIATE REJECTION OF A FIRM'S PROPOSAL.**

F. SELECTION TIMETABLE.

December 14, 2016	Request for proposal issued
December 28, 2016	Proposals due by 12:00 p.m. (CST), via email
TBA	Oral Interviews, if needed
January 19, 2017	Board action (ADFA resolution appointing team)

Note: After selection, the engagement contract is submitted to Arkansas Department of Finance & Administration (“DF&A”) for approval and to Legislative Council for review.

G. SELECTION PROCESS. The ADFA Staff Professional Selection Committee will review the submitted proposals. Proposals will be evaluated based on responses to specifics outlined in the Proposal Format section of this RFP and based upon the selection criteria. Proposals which omit any of these items may be rejected as non-responsive. From this review, a select group of firms could be chosen for interviews. The Board Professional Selection Committee will make its decision on a recommendation for selection, which will be reported to the Board of Directors of the Authority. The final selection will be made by a vote of Board members. The Authority reserves the right to select one or more firms for the services requested.

ADFA may at any time prior to the selection of independent auditor reject any and all proposals and cancel this RFP, without liability therefor, upon finding that there is good cause for rejecting all proposals and that it would be in its interest to cancel the solicitation. Further, regardless of the number and quality of proposals submitted, ADFA shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. Each proposer who submits a response does so solely at the proposer's cost, risk and expense. ADFA accepts no responsibility for the return of successful or unsuccessful proposals. This RFP in no way obligates ADFA to select a firm.

Any firm selected will be required to complete a disclosure form in compliance with Governor's Executive Order 98-04.

H. SELECTION CRITERIA. The Staff Professional Selection Committee composed of selected members of ADFA will review the proposals. The committee generally will use the following criteria to evaluate all acceptable proposals and to develop recommendations to be presented to the ADFA Board Professional Selection Committee; however, the Committee reserves the right to evaluate proposals based upon factors beyond the listed criteria.

Criteria

1. Engagement office and firm's experience as independent auditor for:
 - a. Housing finance agencies
 - b. Other issuers of revenue bonds
 - c. Commercial banks and mortgage lenders
 - d. Other agencies of the State of Arkansas
2. Organization, size and structure of firm
3. Qualifications of staff to be assigned. Position in firm and years and type of experience will be considered
4. Responsiveness of written proposal to the scope of services and requirements
5. Fee proposal

SECTION II: SCOPE OF SERVICES AND REQUIREMENTS

The independent auditor will be expected to perform all the normal duties associated with being an independent auditor for a state government finance agency including, but not limited to:

A. INDEPENDENT AUDITOR'S REPORT. Examine and submit an independent auditor's report on the Authority's financial statements as of and for the year ending June 30, 2017. The Authority anticipates that the year end field work for the 2017 audit will begin in August 2017, with interim field work in June.

Audited financial statements and management letter must be completed and in final draft form by October 3rd for distribution to the Audit Committee with expectation of distribution on October 11th to the Board of Directors. Fifteen (15) copies of the statements should be provided to the Authority as well as a copy of the Authority's financial statements (either via email or on disk for website posting) on or before October 28th.

B. SINGLE AUDIT REPORTS AND DATA COLLECTION FORMS. Prepare the ADFA Single Audit report, which includes the HUD HOME Investment Partnership Program (CFDA Number 14.239), the State Mediation Grants (CFDA Number 10.435), the Neighborhood Stabilization Program (CFDA Number 14.218), the Preservation Revolving Loan Fund Program (CFDA Number 10.415), and the Community Development Block Grant Program (CFDA Number

14.218), as well as any other federal programs subject to Uniform GuidanceADFA may receive during the term of this engagement. In addition, Single Audit reports shall be prepared for the State of Arkansas Construction Assistance Revolving Loan Fund Program (CFDA Number 66.458) and the State of Arkansas Safe Drinking Water Revolving Loan Fund Program (CFDA Number 66.468).

The 2017 Single Audit Act reports must be completed and delivered to ADFA following the same schedule as the Independent Auditor's Report.

In conjunction with the Single Audits, the auditor selected would be expected to prepare and electronically file the Data Collection Forms with the Federal Audit Clearinghouse for the fiscal year ending June 30, 2017.

C. REPORT ON REVOLVING LOAN FUNDS. Examine and submit independent auditor's reports as well as Single Audit reports on the Arkansas Natural Resource Commission/ADFA Revolving Loan Fund programs financial statements as of and for the year ending June 30, 2017.

The field work for the audits on the revolving loan funds can be performed in conjunction with that of ADFA's audits. In addition, the same schedule with regard to report completion will apply.

D. REPRINTS OF REPORTS. Review and approve reprints of audited financial statements and independent auditor's reports which are to be reproduced in annual reports, official statements, Authority's website and other documents published by the Authority. The Authority will provide its independent auditor a reasonable opportunity to proof all reprints of the audited financial statements before final publication.

SECTION III: STATEMENT OF QUALIFICATIONS

An updated statement of qualifications should be maintained on file at ADFA for all firms submitting proposals as independent auditor.

SECTION IV: PROPOSAL FORMAT

A. TRANSMITTAL LETTER. A one-page transmittal letter prepared on the proposer's business stationery should accompany the proposal.

B. PROPOSAL. The proposal should be labeled "Proposal to serve as Independent Auditor for the Arkansas Development Finance Authority." The submission must contain sufficient information to enable the ADFA Staff and Board Professional Selection Committees to evaluate the proposal. It should be prepared in a clear and concise manner and should address each of the following subsections:

1. **Experience as Independent Auditor for Providers of Financing.** Provide a representative list of state or local government finance agencies, investment bankers, commercial lenders and mortgage lenders for which your engagement office recently served as independent auditor. Provide a summary of this data, which includes the following:
 - a. Name of client;
 - b. Approximate total assets of client;
 - c. Duration of auditor/client relationship;
 - d. Services performed for client; and
 - e. Your firm's engagement team.

2. **General Information Regarding the Firm.** How many professionals employed by your firm's Arkansas office has substantial expertise in:
 - a. Government finance agency accounting/auditing;
 - b. Commercial banking and mortgage banking accounting/auditing; and
 - c. Other accounting/auditing activities which will contribute to your firm's ability to serve as independent auditor for the Authority.

3. **Independent Auditor Team and Personnel.** Describe the manner in which you would organize your firm's resources to serve as independent auditor for the Authority. In doing so, please address the following questions or issues:
 - a. Identify the individual who will manage this engagement on a day-to-day basis. Define this individual's position within the firm and indicate the degree to which he or she will be able to commit the firm's resources to the Authority. What is this person's availability for this engagement, and what other commitments does he or she have? Provide a brief summary of his or her professional qualifications and experience.
 - b. Identify other professionals from your firm who will be assigned to work on this engagement, their roles and responsibilities and relevant aspects of their background.

4. **Comments on Scope of Services.** Elaborate on your approach to performing services as requested in Section II of this Request For Proposal.

5. **Client References.** Provide three client references that you feel are somewhat similar to the Authority. Furnish name, title, agency/company and telephone number for these references.

6. **Rationale for Appointment and Proposal Summary.** This section of the proposal should be used by each Proposer to present the case for its appointment to the position sought. In addition, the key points raised in the proposal should be summarized.
7. **Independent Auditor Fee Proposal.** Provide a schedule of fees for each of the services outlined in Section II of this Request For Proposal. Either quote a separate flat amount or a separate maximum amount based on an hourly rate for **each** service requested in Section II (A-E).
8. **Equal Opportunity Statement.** Please submit your Equal Opportunity Policy to ADFA in accordance with Arkansas Act 2157 of 2005. This act requires any firm wishing to respond to an RFP or submit a proposal or statement of qualifications to provide ADFA with your Equal Opportunity Policy.
9. **Acceptance.** Submission of proposals, in response to this Request for Proposal, constitutes acceptance of all conditions, requirements and limitations described in this document.