

REQUEST FOR PROPOSAL

FINANCIAL AUDIT

I. INTRODUCTION

A. General Information

The Maine Connectivity Authority ("MCA") and ConnectMaine Authority ("CME") are both individually and collectively requesting proposals from qualified firms of certified public accountants to provide both MCA and CME with audited financial statements. MCA is requesting audit services for three years - FY23 (7/1/22-6/30/23), FY24 (7/1/23-6/30/24) and FY25 (7/1/24-6/30/25). CME is requesting audit services for FY23 and FY24.

Since July 1, 2022, CME activities have been functionally co-located within MCA's activities, as part of a single-door solution to simplify access of Maine citizens, broadband stakeholders, and the federal government to State of Maine broadband authority, eliminating public confusion about the roles/responsibilities of the two Maine broadband entities. Legally there are two separate entities, with two separate boards, and two separate accounts and audit requirements. The MCA team will be responsible for staffing the audit for both MCA and CME.

A joint proposal is requested, as MCA is seeking efficiencies for only interacting with one audit firm. In the proposal separate pricing should be identified for MCA and CME, plus information on how expenses will be allocated between the two audit processes.

All proposals submitted to MCA will be evaluated by MCA's Chief Financial Officer and Accounting Manager. Final review and approval of MCA's auditor will be made by MCA's Audit and Risk Committee of the Board of Directors. Final review and approval of CME's auditor will be made by the CME Board of Directors, or designated entity or individual.

These audits are to be performed for the purpose of rendering an auditor's opinion on the fairness of the financial position presented in the financial statements as of the audit dates, in conformity with generally accepted accounting principles.

All costs of preparing proposals are to be borne by the respondent. MCA will not reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process, MCA reserves the right, where it may serve its best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of MCA, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. MCA reserves the right to reject any or all proposals submitted.

Questions regarding this solicitation or requests for additional information should be emailed to David Wedick, Chief Financial Officer, at the MCA at dwedick@maineconnectivity.org.

MCA 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 request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between MCA and the firm selected.

B. Minimum Requirements Imposed on the Auditor

1. MCA strongly prefers a firm with significant audit experience with, or knowledge of, government entities or quasi-government entities charged with managing federal programs.
2. The proposer must have significant audit experience with governmental entities, the Single Audit Act of 1984, Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and GASB Statement No. 34 (as amended) reporting requirements.
3. The proposer must demonstrate the sufficiency and availability of qualified staff.
4. The proposer must provide a recent peer review without material qualifications.

The proposer must demonstrate the significant experience required above by listing similar clients for the past three years, identify which clients are still audited by the proposer, and indicate the number of hours spent on each engagement.

C. Term of Engagement

A two year term is requested for both MCA and CME audit engagements.

D. Subcontracting

If the firm anticipates subcontracting portions of the engagement, then that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the MCA.

II. DESCRIPTION OF THE MCA

A. The auditor's principal contact with the MCA will be David Wedick, Chief Financial Officer.

B. Background Information - MCA

As established under 35-A MRS chapter 94-A, the MCA is a “body corporate and politic and a public instrumentality of the State, and the exercise of the MCA of the powers conferred by this chapter is deemed and held to be the performance of an essential governmental function.”

MCA is established as a general governmental board under 5 MRS 12004-G, sub-section 33-H, and is required to report on its financial policies annually to the Legislature under 35-A MRS, section 9404.

MCA meets the definition in Title 5, Chapter 379, subchapter 3 of a “quasi-independent state entity” meaning an “organization that has been established by the Legislature as an independent board, commission or agency to fulfill governmental purposes and that receives revenues that are derived, in whole or part, from federal or state taxes or fees.”

Established in 2021, the MCA is charged with achieving universal access to affordable high-speed broadband in Maine. The MCA was formed to ensure three objectives: 1.) That effective, accessible connectivity be universally available in the state; 2.) that there be secure, affordable, reliable, competitive, sustainable and forward-looking infrastructure that can meet future needs; and 3.) that all residents, businesses and institutions in Maine be able to take full advantage of the economic, health, educational and other opportunities available through connectivity services.

The MCA is currently involved in administering funds from three federal programs under two separate federal acts:

- Maine Recovery and Jobs Plan (MJRP) - American Rescue Plan Act
- Capital Projects Fund (CPF) - American Rescue Plan Act
- Broadband Equity, Access & Deployment (BEAD) - Infrastructure Investment and Jobs Act

Involvement in additional federal programs is anticipated. Such involvement will require compliance with the Single Audit Act of 1984, Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and GASB Statement No. 34 (as amended) reporting requirements.

C. Background Information - CME

The Authority was created through the passage of 35-A MRSA §9202-A with the objective of stimulating investment in advanced communications technology infrastructure in unserved or underserved areas in the State of Maine. The Authority is governed by seven members, four of which are appointed by the Governor of the State of Maine.

In accordance with 35-A MRSA §9204-A (1), the Authority shall establish criteria defining unserved and underserved areas. The criteria will ensure that an area is not determined to be an unserved or underserved area if the effect of the determination would inhibit or impede private investment in any area or diminish the value of prior investment in advanced communications technology infrastructure within an area. The Authority defined the criteria, as well as other operation guidelines by adopting public rule 99-639 Chapter 101.

The Authority has created the first comprehensive geographic inventory of high-speed internet services statewide for use in identifying unserved and underserved areas based on the criteria defined in Chapter 101. The Broadband Mapping and Inventory Project assists the Authority in developing a Broadband Capacity Building Plan to support broadband growth, disseminate

technical information about broadband availability, and further improve understanding of opportunities to enhance broadband throughout the State of Maine.

Under 35-A MRSA §9204-A (4), the Authority is directed to expand the availability of broadband service to residential and small business customers in unserved or underserved areas by identifying, developing and providing funding for broadband investments in unserved and underserved communities. To achieve this objective, the Authority has established a grant program entitled Funds for Broadband Infrastructure Projects. Additionally, under 35-A MRSA §9204-A (3), the Authority is directed to provide technical and financial assistance to communities in the State that include unserved and underserved areas to identify the need for broadband infrastructure and services and develop and implement plans to meet those needs. To achieve this objective, the Authority has established a grant program entitled Community Broadband Planning Grants.

Involvement in additional federal programs is not anticipated.

D. Fund Structure

Both MCA and CME expect to present its financial statements in accordance with GASB Statement No 34, as amended.

E. The Finance Division

MCA's Finance Division is headed by David Wedick, Chief Financial Officer. Currently the MCA has seventeen full time employees, and an organizational staffing chart is included as background information..

MCA has contracted with the Finance Authority of Maine (FAME) for finance and accounting support services during FY23. The Finance Division at FAME is headed by Shelly Desiderio, Chief Accounting Officer, and consists of five (5) employees.

CME has contracted with SOLIX for finance and accounting support services during FY23 and FY24.

F. Computer Systems

MCA maintains its records in a fund accounting software package named The Financial Edge (Blackbaud) - hosted inside FAME's system. The modules used include:

1. General Ledger
2. Accounts Payable
3. Fixed Assets

The General Ledger, Accounts Payable and Fixed Assets modules are integrated.

III. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

MCA request the auditor to express an opinion on the fairness of the presentation of its general purpose financial statements, as presented in the combined financial statements and schedules, in conformity with generally accepted accounting principles and procedures applicable to governmental units and financial institutions.

In connection with the examination of the records and financial statements, the auditor shall review the systems of internal control, operating procedures, and compliance with the legal requirements of the MCA.

The auditor shall perform a financial and compliance audit for all federally assisted programs in accordance with the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The MCA views 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 contract. As such, the auditor is expected to consult with the MCA, as required, on auditing, accounting, financial reporting and operating matters as they arise and to provide the MCA with information on current developments which would affect the MCA's financial operations and management. The auditor must be clear whether its audit fee includes fees for ongoing accounting consultation services or whether these fees will be in addition to the audit fee.

B. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards and procedures applicable to governmental units and financial institutions, and as prescribed in the following documents:

1. American Institute of Certified Public Accounts (AICPA) Audits of State and Local Governmental Units, and Statements on Auditing Standards.
2. U. S. General Accounting Office (GAO) Government Auditing Standards and Guidelines for Financial and Compliance Audits of Federally Assisted Programs.
3. Statements of the Government Accounting Standards Board (GASB).
4. The Single Audit Act of 1984 (Public Law 98-502), as amended.
5. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
6. Other documents as may be specifically described in this Request for Proposals.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. Independent Auditor's Reports containing an expression of opinion that financial statements are fairly stated, or, if a modified or adverse opinion or disclaimer of opinion is necessary, the reasons therefore. The firm shall submit a PDF copy of its report no later than Wednesday September 27, 2023 for MCA, and no later than Wednesday October 4, 2023 for CME.
2. A management letter, if deemed necessary, addressed to the relevant Board of Directors in which the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
3. Required communication to the Board of Directors under Government Auditing Standards (GAS), which would include communication in accordance with SAS #114.
4. A separate report on Supplementary Information, Schedule of Federal Financial Assistance which will include (if required):
 - a. A report on the internal control structure at the General Purpose Financial Statement level.
 - b. A separate report on the internal control structure used in administering federal financial assistance programs.
 - c. A report on compliance at the General Purpose Financial Statement level.
 - d. A report on compliance with specific requirements applicable to major and non-major federal financial assistance programs.
 - e. A report on compliance with general requirements for both major and non-major federal assistance programs.

E. Working Paper Retention and Access to Working Papers

The firm shall agree to make available its working papers upon request. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years from submission of the final audit report.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates:

Due date for proposals	Friday April 21, 2023 (by 5:00 pm)
Estimated notification date	Friday May 26, 2023

B. Date Audit May Commence

The MCA will have adjusted or closed all accounts, its records will be ready for audit, and the Finance Division personnel available to meet with the firm's personnel, thirty (30) days after the end of the fiscal year.

The MCA will also make its records and other financial documents available prior to the end of the fiscal year so that the firm may begin its preliminary work well before the close of the fiscal year.

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

A. Finance Department and Clerical Assistance

The Finance Division staff will render all feasible assistance to the auditor and will respond promptly to requests for information, documentation and explanations and will provide all necessary books and records required by the firm. The preparation of confirmations will be the responsibility of the auditor with review and assistance from the Finance staff. In addition, clerical support will be made available to the auditor, as needed.

B. Statements and Schedules to be Prepared by the Staff of the MCA

The staff of the MCA will prepare statements, customary schedules, account reconciliations, roll-forward schedules, and detailed account analyses as requested by the auditor.

C. Remote vs. in-person audit

The MCA is expected to be primarily a virtual organization, with staff located throughout the State of Maine. The MCA currently has access to shared work space at The Roux Institute in Portland, and will be able to host in-person meetings there as needed. The MCA will provide the auditor with reasonable work space, desks, chairs and access to the internet. The majority of the audit is expected to be conducted remotely, and the RFP response should address your firm's policy regarding remote work.

D. Report Preparation

Reports, including financial statement notes, will be prepared by the auditor, and be the responsibility of the MCA.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning this request for proposal should be directed to David Wedick, Chief Financial Officer, at the MCA at dwedick@maineconnectivity.org.

2. Submission of Proposals

The following material is required to be received by 5:00 p.m. on April 21, 2023 for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal (see below) to include the following:

- i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the contract term.

- iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

- b. The proposer shall submit a dollar cost bid.

B. Technical Proposal

1. General Requirements

The Technical Proposal should demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the MCA in conformity with the requirements of this request for proposal and of the particular staff to be assigned to this engagement. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should also specify an audit approach that will meet the request for proposal requirements.

The Technical Proposal should address all the points outlined in the request for proposal. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capability to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items listed 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

2. License to Practice

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered or licensed to practice in Maine.

3. Firm Qualifications and Experience

The proposer should state the size of the firm, the number of certified public accountants, the size of the firm's governmental and financial institution audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent peer review, with a statement whether that quality control review included a review of specific government and financial institution engagements.

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.

4. Partner/Principal, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners or principals, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Maine. Provide information on the yellow book compliant government and financial institution auditing experience of each person, including information on a relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide information regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured, and how much time will be required of the MCA staff for familiarizing the auditing staff with the MCA, laws, and accounting practices.

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 MCA. However, in any case, the MCA retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the MCA, which retains the right to approve or reject replacements.

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

5. Similar Engagements with Other Government Entities and Financial Institutions

For the firm's office that will be assigned responsibility for the audit, list the engagements performed in the last three years that are similar to the engagement described in this request for proposal. Indicate whether any of these engagements have been discontinued. This list would include municipalities, state agencies, and financial institutions.

6. 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 III of this request for proposal. The proposal should describe the audit procedures to be followed, presented in a form which shall best aid the MCA in evaluating your firm's ability to identify, evaluate and communicate on state government and lending institution problems.

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

- a. Number and level of staff and number of hours to be assigned to:
 - i. Understanding the applicable laws, regulations, and rules pertaining to the MCA as well as the MCA's accounts and internal controls.
 - ii. interim work,
 - iii. fieldwork,

- b. Extent of use of computer software in the engagement, and whether it will accept electronic data transfer from systems of the MCA, primarily The Financial Edge and Excel spreadsheets. Please also provide comment on how security of confidential data will be achieved.
- c. Approach to be taken to gain and document an understanding of the MCA's account structure and internal control procedures.
- d. Approach to be taken in determining laws and regulations that will be subject to audit test work.

7. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the MCA.

8. Report Format

The proposal should include any potential changes to the formatting of the existing audit.

C. Engagement Bid

Total All-Inclusive Maximum Price

The engagement bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal.

The bid should include the following information:

1. Name of Firm
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the MCA.
3. A Total All-Inclusive Maximum Price. The auditor must identify the hourly charge for its services for each of its employees (i. e. partner, manager, other personnel), and it must specify the parameters for which there will be charges for its services beyond the audit engagement.

D. Rates for Additional Professional Services

If it should become necessary for the MCA 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 once the MCA and the auditor have agreed to a price and the scope of the work.

E. Final Payment

Installment payments will be made based upon a negotiated schedule. The final payment for any audit shall become due only after the submission of all reports required by Section III of this proposal and their acceptance by the MCA.

F. Revision to Fee Schedule

The contract will provide that the MCA may at any time during the duration of the contract require renegotiation of a lower audit fee should the scope of work be reduced significantly, such as if the MCA no longer administered any of its current significant funds.

VII. EVALUATION PROCEDURES

A. Review of Proposals

The MCA shall evaluate the proposals on the basis of the qualifications, relevant experience and responsiveness of the bidders, as well as the estimated cost of the engagement. The MCA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

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

1. The audit firm is independent and licensed to practice in Maine.
2. Expertise and experience.
 - a. The firm's past experience and performance on comparable government and financial institution engagements.
 - b. The quality of the firm's professional personnel to be assigned to the engagement.
 - c. The resources of the firm to provide other services to the MCA.
3. Audit Approach
 - a. Adequacy of proposed staffing plan for various segments of the engagement.
 - b. Adequacy of audit plan.

4. The time required from the MCA's staff to familiarize the auditor's personnel with our accounting procedures, laws, funds, and programs.

5. Cost of the audit engagement and other possible services during the year.

C. Oral Presentations

During the evaluation process, the Chief Financial Officer and/or the Audit and Risk Committee of the Board may request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the MCA may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

It is anticipated that a firm will be selected by May 26, 2023. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 2, 2023.

E. Right to Reject Proposals

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

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

VIII. TERMINATION OF AUDIT

If the audit firm fails to substantially comply with the specifications contained in this Request for Proposal, or if the MCA is not satisfied with the quality of the work, then the MCA reserves the right to terminate the engagement after completion of any audit year upon written notice to the firm by the Chief Financial Officer.