

Financial Statement Audit 401(k) Defined Contribution Plan Audit and Tax Services

Request for Proposal



1030 15th Street, NW, Suite 800 | Washington, DC 20005

REQUEST FOR PROPOSAL DUE DATE: July 27, 2015

National Quality Forum (NQF) is requesting proposals from qualified entities to perform an audit of its financial statements, 401(k) Defined Contribution Plan and to prepare the organization's IRS Form 990. Qualified Offerors are invited to submit a proposal outlining their experience and qualifications in performing work directly related to the services required as outlined in Section N: *Proposal Format*.

A. PURPOSE

This Request for Proposal (RFP) is to contract for 1) the independent audit of NQF's annual financial statements, 2) independent audit of NQF's 401(k) Defined Contribution Plan and 3) preparation of NQF's IRS Form 990, for the year ending December 31, 2015.

B. WHO MAY RESPOND

Only Certified Public Accounting Firms and professional individual practitioners, hereinafter referred to as "Offeror", may respond to this RFP. Any Offeror not in good standing with the AICPA and/or its state professional licensing body (e.g., from previous debarment or suspension) is not eligible to respond to this solicitation.

C. CONDITIONS OF PROPOSAL

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by NQF.

The proposed price to perform the audit of financial statements, 401(k) Defined Contribution Plan and tax services should be separately stated in the proposal. If an Offeror is not submitting a proposal to perform any of these services, it should so state in the proposal. NQF reserves the right to award a contract to perform the requested services to a single Offeror or a combination of Offerors for some or all of the services and to accept or reject any and all proposals and, unless specified by the Offeror, to accept any item in any proposal. NQF reserves the right to re-bid the request for proposal in its sole discretion.

D. NOTIFICATION OF AWARD

Unless all proposals are rejected, award shall be made to the Offeror whose proposal will be the most advantageous to NQF upon consideration of experience, pricing, and other relevant factors. Upon conclusion of final negotiations with the successful Offeror, all other Offerors submitting proposals in response to this RFP will be informed in writing by using e-mail contact information provided within the Offeror's proposal.

E. INTERPRETATION OF THE RFP AND INSTRUCTIONS ON PROPOSAL SUBMISSION

A copy of NQF's 2015 budget and its audited financial statements for the year ended December 31, 2014 are included in this RFP. Any explanation desired by the Offeror regarding the RFP, Scope of Services, attachments, specifications or other information must be requested in writing and submitted to NQF at auditRFP@qualityforum.org by July 15th to permit disseminating such information to all Offerors before the submission of their offers. Any new information, including clarifications given to a prospective Offeror concerning this RFP, will be furnished to all prospective Offerors via e-mail. Amendments to this RFP as a result of clarification or other additional information provided by NQF must be acknowledged by Offeror by inserting a copy of the amendment form in the Offerors' proposal. If required, NQF will furnish an amendment form.

Proposals must be sent electronically no later than 5:00 p.m. EST on July 27, 2015 to auditRFP@qualityforum.org.

Inquiries concerning this RFP should be directed to Timothy Gannon, Senior Director, Finance at auditRFP@qualityforum.org.

NQF will not evaluate proposals received after this deadline. The Offeror's technical qualifications, pricing information, signed Certifications and completed Offeror's References will become part of the contract for the selected Offeror.

F. DESCRIPTION OF THE ORGANIZATION

NQF is a consensus-based nonprofit corporation, as defined within the meaning of OMB Circular A-119, and has been determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. NQF employs approximately 100 individuals. With the exception of four employees who work remotely from locations outside the Washington DC Metropolitan area, employees work at NQF's sole physical location, 1030 15th Street, NW, Washington DC. The majority of revenue is derived from firm fixed price task order contracts under an Indefinite Delivery Indefinite Quantity contract secured with the Centers for Medicaid and Medicare Services (CMS). Federal contracts generally make up 75% of NQF's revenue with membership dues largely responsible for the balance.

NQF has historically received unqualified opinion letters and has no on-going matters concerning compliance with rules or regulations from federal or District of Columbia government agencies.

The financial operations of NQF are governed by its Finance and Audit Committee (FAC) which meets three times per year – typically winter, summer and fall, with a FAC call in late spring to review the Audit Report.

NQF's fiscal year coincides with the calendar year.

G. DESCRIPTION OF 401(k) Defined Contribution Plan

The plan to be audited is a 401(k) defined contribution plan with total assets of approximately \$6.6 million as of 5/31/2015 and 130 active accounts in the Plan.

The assets and administrative responsibilities of the Plan have been performed by the Principal Financial Group since 2009.

NQF adopted the Safe Harbor provisions available under a Qualified Automatic Contribution Agreement which became effective for the plan year commencing January 1, 2013. As further described in the accompanying Plan documentation, eligible individuals are those that successfully complete three (3) months of service.

H. TIMELINE OF PERFORMANCE

In mid-September, the FAC will approve the selection of the audit firm performing the financial statement audit. During its October meeting, the FAC will receive and approve the 2015 audit plan. Interim fieldwork will commence during November/December 2015, control and substantive testing will occur during March with draft reports due in April 2016 ahead of the spring meeting of the committee (2016 FAC meeting dates have not yet been determined).

In mid-September, the FAC will approve the selection of the audit firm performing the audit of the 401(k) Defined Contribution Plan. During its spring meeting, the FAC will receive and approve the 2015 audit plan. Field work will begin June 1, 2016.

I. DELIVERY SCHEDULE

- a. The successful Offeror is to transmit one copy of the draft financial statement audit report to NQF's Senior Director, Finance on or before April 20, 2016.
- b. The Offeror shall present the final audit reports of the financial statements to NQF's Finance and Audit Committee of the Board of Directors during a May 2016 telephonic meeting of the FAC.
- c. The Offeror shall transmit one copy of the draft audit of the 401(k) Defined Contribution Plan Audit to NQF's Senior Director, Finance on or before June 30, 2016.
- d. The Offeror shall present the final audit reports of the 401(k) Defined Contribution Plan to NQF's Finance and Audit Committee of the Board of Directors during a telephonic meeting of the FAC in the fall of 2016.

J. PAYMENT

- a. The proposed price of audit and tax services should be separately stated.
- b. Progress billings are permitted to the extent that NQF can determine that satisfactory progress is being made.
- c. Upon delivery of the final report to NQF, and upon its acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

K. CONFIDENTIALITY

- a. Offerors agree to keep information obtained in responding to this RFP and when conducting the audit in strict confidence. Other than the reports submitted to NQF, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information while in the Offeror's possession, to those employees on the Offeror's staff who are assigned to the engagement and must have the information on a "need-to-know" basis.
- b. The Offeror agrees to immediately notify, in writing, NQF's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

L. EXIT CONFERENCE

An exit conference with NQF's representatives and the Offeror's representatives will be held at the conclusion of field work. Observations and recommendations must be summarized in writing and discussed with NQF's representatives. Discussions should include internal control and program compliance observations and recommendations.

M. WORKPAPERS

The successful Offeror will retain the related workpapers for at least three years from the end of the audit period. The workpapers will be available to NQF and authorized interested parties including but not limited to NQF's federal oversight agency and the Department of Labor.

N. PROPOSAL FORMAT

All proposals shall be no longer than twelve pages, excluding attachments. Please provide your proposal in the following format:

- a. Background of your firm, including years in business and industry specialties; size and structure; prior experience auditing 501(c)(3) entities of NQF's size and with sources of revenue similar to that of NQF; and any other information which you consider relevant to NQF's better understanding of your firm.
- b. Summary of your suggested audit approach, including testing/methods used; how you will consult with our staff during and after the audit engagement; your firm's policy and procedures for notifying an organization's officials of suspected illegal acts and malfeasance; a preliminary listing of schedules requested from clients by your firm; and audit review procedures conducted by your staff (field, manager, partner).
- c. Audit team composition, including number of years with your firm; level of responsibility within the firm; CPA status; approximate percentage of time spent on the audit by each member of the proposed audit team; and types of clients served.
- d. Supervision, including the professional experience in non-profit audits of each senior and higher level person anticipated to be assigned to the audit and the anticipated percentages of time each senior and higher level personnel will be on site or otherwise overseeing execution of audit procedures.
- e. Quality control and peer review, including participation in AICPA-sponsored or comparable quality control programs and whether the firm is or has been the subject of any DOL findings or referrals, or any AICPA or State Society Ethics referrals. The firm shall detail the nature of any current litigation and provide its latest Peer Review Report, Letter of Comments and firm's response, if any.
- f. Proposed audit cost, including the number of hours at each staff level/hourly rate for each audit team member; estimate of out-of-pocket costs and a description of what is included in those costs; and your firm's policy on handling cost overruns which might occur.
- g. Prior experience auditing 401(k) retirement programs.
- h. Whether or not the firm has prior experience auditing prototype plans administered by Principal Financial Group.
- i. The scale of Employee Benefit Plan (EPB) clients Offeror's firm currently audits. For example, the number of plan audits similar in size to NQF's 401(k) retirement plan, including

information about the size of each plan (by number of participants and/or amount of total assets).

- j. Whether or not the Offeror has a dedicated employee benefit plan practice.
- k. Whether or not the firm is a member of the AICPA's Employee Benefit Plan Audit Quality Center.
- l. References for three current clients, preferably nonprofit organizations for whom the Offeror has conducted financial statement audits.
- m. References for three current clients, preferably nonprofit organizations for whom the Offeror has conducted 401(k) retirement plan audits.

O. PROPOSAL SUBMISSION AND SIGNING

All requested forms and attachments (Certifications of Offeror, Offeror's References, Acknowledgement of Addendum (if required), must be submitted with the signed proposal. The submission and signing of a proposal shall indicate the intention and willingness of the Offeror to adhere to and be bound by the terms and conditions described in this RFP.

P. FEDERAL TAX ID REQUIRED

Upon award of contract, NQF will require the Offeror to complete an IRS Form W-9 form.

Q. PROPOSAL VALIDITY PERIOD

Offerors' proposals shall remain irrevocable for a period of sixty days from the later of extensions to the proposal closing date authorized by NQF, if any, or the proposal closing date of July 27, 2015.

R. FORM OF CONTRACT

Any award is subject to execution of a contract between NQF and Offeror.

S. TERM OF CONTRACT

Any contract entered into between NQF and the successful Offeror as a result of this RFP will terminate upon the completion of the audit engagement. Completion of the engagement means the issuance of final audited financial statements, a presentation of the audit to NQF's Finance and Audit Committee and attendance by the firm's representative at the exit conference.

T. CANCELLATION

NQF has the right to cancel this RFP at any time and to reissue it for any reason whatsoever without incurring any liability and no Offeror shall have any claim against NQF as a consequence. Timely notice will be provided to Offerors in the event the RFP has been canceled.

U. REVIEW

An evaluation committee shall review each proposal. NQF reserves the exclusive right to determine the qualitative aspects of all proposals relative to the evaluation criteria. The proposal and accompanying documentation submitted by the Offerors are the property of NQF and shall not be returned.

- a. NQF may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offerors' proposals.

- b. NQF reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints. NQF reserves the right to request a best and final offer from any Offeror.
- c. The ability of the Offeror to meet the terms of the RFP, especially concerning stated timeframes of performance, and the quality and relevancy of similar type plans and related services provided by the Offeror for other employers or groups are key factors.

V. CERTIFICATIONS OF OFFEROR

The Offeror must sign and include as an attachment to its proposal the following certification:

On behalf of the Offeror, the individual signing certifies that:

- a. He/she is an authorized agent of the Offeror with authority to bind the firm and answer questions concerning the Offeror's proposal.
- b. The individual signing certifies that the Offeror is a properly licensed firm or certified and active public accountant.
- c. The individual signing certifies that he or she has read and understood all of the information in this Request for Proposal.
- d. The individual signing certifies that the Offeror meets the independence standards of the AICPA.
- e. The individual signing certifies that the Offeror, and any individuals to be assigned to the contract, has not been debarred or suspended and that the Offeror is not or has not been the subject of any DOL findings or referrals, or any AICPA or State Society Ethics referrals.

Dated this _____ day of _____, 20_____.

(Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)

W. OFFEROR'S REFERENCES

The Offeror must include as an attachment to its proposal the following information.

Prospective Offerors must supply three (3) client references for which they have provided similar services on a contractual basis during the last two years.

1. Company/Organization Name:

Business Address:

Contact Person:

Telephone:

E-mail:

2. Company/Organization Name:

Business Address:

Contact Person:

Telephone:

E-mail:

3. Company/Organization Name:

Business Address:

Contact Person:

Telephone:

E-mail: