**REQUEST FOR PROPOSAL**

**Date of Notice: November 10, 2022**

**Closing Date: December 15, 2022, at 12:00 PM**

**Issuing Office: Kansas Department of Administration**

**1000 SW Jackson Street, Suite 500**

**Topeka, KS 66612**

**Authority: K.S.A. 75-37,152**

**Manager, Statewide**

**Consolidated**

**Reporting, Controls**

**& Collections: Brandy Wilson, Manager**

Statewide Consolidated Reporting, Controls & Collections, Office of Accounts and Reports

**Telephone: 785-291-3238**

**Fax: 785-296-1477**

**E-Mail Address:** [brandy.wilson@ks.gov](mailto:brandy.wilson@ks.gov)

**Web Address:** [www.admin.ks.gov](http://www.admin.ks.gov)

**Bid Item: Audit Services – Statewide Single Audit Package**

**Scope: This contract shall cover the following annual audit services for State of Kansas for fiscal year 2023 with renewal option of three additional one-year periods subject to acceptable performance and costs:**

* Statewide Single Audit (financial and federal compliance)
* Kansas Department of Transportation Financial Audit
* Kansas Water Pollution Control Revolving Fund Financial Audit
* Public Water Supply Revolving Fund Financial Audit

If renewed, this contract may also cover the following biennial agreed upon procedures examinations for State of Kansas fiscal years 2024 and 2026 subject to acceptable performance and costs:

* State Treasurer’s Office Agreed Upon Procedures
* Pooled Money Investment Board Agreed Upon Procedures

This contract has the potential for additional services including but not limited to:

* State Treasurer’s Office Transition Audit
* Bond Disclosure Review
* Coronavirus Relief Fund (CRF)
* Infrastructure Investment and Jobs Act (IIJA)

**Audit Timeline:** Entrance conference – mid-March

Planning – Prior to March 31

Final audit reports are to be issued to the Department of Administration, Secretary of Administration, and to the Legislative Post Audit committee by December 1. Any required presentation of the audit would be on or about that date.

For the financial audit:

Interim fieldwork – mid-May

Final fieldwork – mid-October to early November.

Exit conference – prior to November 30.

For the Uniform Guidance audit:

Interim fieldwork – November, December, January.

Final fieldwork – November, December, January.

Exit conference – early March.

For the KS Department of Transportation:

Interim fieldwork – third and fourth weeks of July

Final fieldwork – third and fourth weeks of August

Exit conference – On or about September 30

For the State Revolving Loan Funds:

Interim fieldwork – beginning after July 15.

Final fieldwork – beginning after mid-August

Exit conference – On or about September 15

For the examinations for the State Treasurer’s Office and Pooled Money Investment Board:

Schedule for the examinations would be coordinated with those offices with the final reports issued by December 1.

For the State Universities

Interim fieldwork – September-October (Onsite Various

Kansas Locations) 1-2 Weeks split among the university campuses

**Required Forms:**

Link to - [Required Bid Information Form](https://admin.ks.gov/offices/accounts-reports/citizens--suppliers/request-for-proposal)

1. **The bidder shall be responsible for monitoring the Kansas Department of Administration’s website on a regular basis for any notices, changes, or amendments.**
2. “Uniform Guidance reporting package” means the Data Collection Form, the audited financial statements, the audited schedule of expenditures of federal awards, the summary schedule of prior audit findings, the contractor’s audit reports, and the corrective action plan.
3. “Agreed upon procedures” means an engagement in which the contractor issues a report of findings based upon specific procedures performed on the subject matter or an assertion as a result of a need or needs of the specified parties.
4. “Applicable audit standards” includes but is not limited to the version then in effect of the American Institute of Certified Public Accountants *Statements on Auditing Standards*, the U.S. General Accounting Office *Government Auditing Standards*, the federal Single Audit Act as amended, the Office of Management and Budget Uniform Guidance and Compliance Supplement, and interpretive publications.
5. “Audit documentation” means the contractor’s work papers including the records of the contractor’s work that documents reviews, tests, and analyses performed, together with the rationale for conclusions reached, and that document the contractor’s adherence to field work standards, including those related to planning, internal controls and related risk assessments, and irregularities, illegal acts, and other noncompliance. Audit documentation also includes the permanent files, a listing of Continuing Professional Education courses and number of hours (including whether the hours directly relate to government auditing or the government environment) for those staff assigned to the audit, and the actual number of hours spent on each audit.
6. “Audit finding” means deficiencies which the contractor is required to report in accordance with applicable audit standards.
7. “Audit report” means the written report of any single audit, financial audit, agreed upon procedures, or any other examination, audit or audit work conducted under K.S.A. 75-37,152 and 75-37,153.
8. “Auditee” means the State Government of Kansas including the University system, the Kansas Department of Transportation, the State Treasurer’s Office, the Pooled Money Investment Board, the Kansas Water Pollution Control Revolving Fund, and the Public Water Supply Revolving Fund and component units of the State of Kansas.
9. “Contract Audit Committee” means the committee provided for by K.S.A.75-37,154, composed of the following members: (1) the secretary of administration or a person designated by the secretary of administration; (2) the director of accounts and reports or a person designated by the director of accounts and reports; (3) the post auditor or a person designated by the post auditor; (4) the state treasurer or a person designated by the state treasurer; and (5) the director of the budget or a person designated by the director of the budget. The secretary of administration or the person designated by the secretary to serve as a member of the Department of Administration contract audit committee shall be the chairperson of the committee.
10. “Contract period” begins when the contract is signed by the parties and continues until all the work is finished, accepted by the Department of Administration, and final payment paid and received.
11. “Financial audit” means an audit of the financial affairs and transactions of a State of Kansas agency or agencies in compliance with applicable audit standards except the federal Single Audit Act, Office of Management and Budget Uniform Guidance and Compliance Supplement.
12. “Financial Compliance Audit Act” means K.S.A. 75-37,152, *et seq.*
13. “Fiscal Year” means the period from July 1 through the following June 30. The year is designated by the calendar year in which the fiscal year ends.
14. “Interpretive publications” pursuant to AU section 150, *Generally Accepted Auditing Standards* (AICPA, *Professional Standards*, Vol.1) includes, but is not limited to, AICPA *Audit and Accounting Guide State and Local Governments*, AICPA *Audit Guide Audit Sampling,* AICPA *Audit Guide Analytical Procedures*, and AICPA *Audit Guide Government Auditing Standards and* Audits under the Uniform Guidance*.*
15. “Major program” means a federal program determined by the contractor to be a major program in accordance with Uniform Guidance and Compliance Supplement or a program identified as a major program by a federal agency or pass-through entity.
16. “Oversight agency for audit” means the federal agency designated to carry out the responsibilities described in Uniform Guidance.
17. “Professional or regulatory body” includes, but is not limited to, the AICPA, state boards of accountancy, the Securities and Exchange Commission (SEC), federal Offices of Inspector General.
18. “Quality control review” means a peer review or any other review by any professional or regulatory body of an audit report or of audit documentation to determine whether the audit was conducted in accordance with applicable standards, identify any follow-up work needed to support the opinions contained in the audit report, and identify issues that may require management attention.
19. “Single audit” means an audit which includes a financial audit of the entity’s financial statements and a compliance and internal control audit of the federal awards as described in Uniform Guidance.
20. “Uniform Guidance” means U.S. Office of Management and Budget (OMB) final guidance entitled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

**1. INSTRUCTIONS**

**1.1. Bid Item: Audit Services–Statewide Single Audit Package**

The Bid Item, indicated on the first page of this Request for Proposal, has been assigned to this Request for Proposal and must be shown on all correspondence or other documents associated with this Request for Proposal and must be referred to in all communications.

**1.2. Cost of Preparing Proposal**

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of the engagement, preparation of the proposal, submitting the proposal, and other costs associated with this Request for Proposal.

**1.3. Submitting Proposal**

One (1) electronic version of the cost proposal is required. This shall be provided in Microsoft Word, Excel or searchable PDF.

Jennifer Efird Team Lead, Internal Control & Compliance

Office of Accounts and Reports

Jennifer.Efird@ks.gov

**Kansas Department of Administration**

**700 SW Harrison, Suite 300**

**Topeka, KS 66603**

Bidder’s proposal shall be received no later than 12:00 p.m. Central Time, on the closing date, addressed as follows.

[jennifer.efird@ks.gov](mailto:jennifer.efird@ks.gov)

Team Lead, Internal Controls & Compliance

Closing Date: December 15, 2022

It is the bidder’s responsibility to ensure bids are received by the closing date and time.

Proposal received prior to the closing date shall be kept secured and sealed until closing. The State of Kansas shall not be responsible for the premature opening of proposal or for the rejection of a proposal that was not received prior to the closing date because it was not properly identified on the outside of the envelope. A late proposal may be retained unopened in the file or may be returned to the bidder. A late proposal shall not be considered.

**1.4. Modifying Proposal**

A bidder who wishes to modify a proposal must submit a written request to the Team Lead, Internal Controls & Compliance at the Department of Administration at any time prior to the closing date and time for receipt of a proposal. An authorized partner of the firm must sign the modification.

**1.5. Withdrawing a Proposal**

A bidder who wishes to withdraw a Proposal must submit a written request to the Team Lead, Internal Controls & Compliance at the Department of Administration. An authorized partner of the firm must sign the withdrawal.

**1.6. Question and Answer Period**

Bidders may submit questions requesting clarification of the Request for Proposal in writing to the Team Lead, Internal Controls & Compliance prior to 12:00 Noon, Tuesday, November 29th Questions, and answers shall be posted on the Department of Administration’s website. [Request for Proposal | Kansas Department of Administration (ks.gov)](https://admin.ks.gov/offices/accounts-reports/citizens--suppliers/request-for-proposal)

Failure to notify the Team Lead, Internal Controls & Compliance of any conflicts or ambiguities in the Request for Proposal shall result in items being resolved in the best interest of the State of Kansas. Any modification to this Request for Proposal as a result of the submitted Questions and Answers, shall be made in writing by addendum with notification provided to potential bidders who received the original notice of Request for Proposal from the Department of Administration. Only written communications are binding.

**1.7. Other Communications**

All inquiries, written or verbal, shall be directed only to the Team Lead, Internal Controls & Compliance reflected on Page 6 of this Proposal. There shall be no communication with any other State of Kansas employee or any of the members of the Contract Audit Committee regarding this Request for Proposal. Violations of this provision by bidder or State of Kansas personnel may result in the rejection of the Proposal.

**1.8. Bid Proposal Content and Format**

In order to be considered for selection, a bid Proposal must be completely responsive to this Request for Proposal. Bidders must include all audits and agreed-upon procedures examinations listed on the cover sheet of the bid Proposal.

**1.8.1.** **Bid Proposal Format**

In order to permit effective comparisons of competing bid Proposals, the following format should be followed as closely as possible.

**Technical information**–Indicate briefly how your office intends to meet the requirements stated in this Request for Proposal.

**Financial information**–Submit fee information for the proposed work to include the following information for each of the fiscal years presented separately in the table in the Required Bid Information form. (See link) For the statewide audit in accordance with Uniform Guidance, the fees and estimated hours should be based on a per major program basis with an additional per major program fee for programs audited in addition to the first 20. Included in the fees should be all issued applicable audit standards and applicable accounting standards regardless of whether they have been implemented as of the date of the bid Proposal. Scope of work changes will be allowed only for those applicable auditing or accounting standards that had not been issued as of the closing date of this Request for Proposal.

The State of Kansas has many type B federal programs including. Given the number of type B federal programs, the Department of Administration expects that, in most years, the number of federal programs the contractor audits as major will equal the number of type A programs.

Coronavirus Relief Fund and Infrastructure Investment and Jobs Act could potentially expand the audit of federal programs and should be taken into consideration when completing the proposal.

Bidders should also submit an hourly rate with a maximum per instance for each instance where the contractor reviews State of Kansas agency bond offering documents to determine that the information is not materially inconsistent with information contained in the audited financial statements.

Link to Required Bid Information Form - [Required Bid Information Form](https://admin.ks.gov/offices/accounts-reports/citizens--suppliers/request-for-proposal)

**1.8.2. Office and Staff Qualifications Information**

Provide the information requested on the attached Office and Staff Qualifications Evaluation forms in accordance with the instructions provided. The Department of Administration may require supporting documentation for any information submitted.

Link to Required Bid Information Form - [Required Bid Information Form](https://admin.ks.gov/offices/accounts-reports/citizens--suppliers/request-for-proposal)

**1.8.3. Disclosure of Proposal Content and Confidential and Proprietary Information**

All proposals become the property of the State of Kansas. The Open Records Act (K.S.A. 45-215, et seq.) of the State of Kansas requires public information be placed in the public domain at the conclusion of the selection process and be available for examination by all interested parties. No proposal shall be disclosed until after a contract award has been issued and a contract executed. The Department of Administration reserves the right to destroy all proposals if the Request for Proposal is withdrawn, a contract award is withdrawn, or in accordance with Kansas law.

Trade secrets or confidential and proprietary information legally recognized as such and protected by law may be requested to be withheld if clearly labeled "Confidential and Proprietary" on each relevant individual page and provided as separate from the main proposals. Pricing information is not considered confidential or proprietary and the bidder's entire proposal response package will not be considered confidential or proprietary. The bidder shall provide detailed written documentation justifying why this material should be considered "Confidential and Proprietary". The Department of Administration reserves the right to accept, amend or deny such requests for maintaining information as confidential and proprietary in accordance with Kansas law.

The State of Kansas does not guarantee protection of any information which is not submitted as required.

**1.8.4. Amendments**

Changes to this Request for Proposal shall be issued only by the Department of Administration in writing and will be posted to the Department of Administration’s website. The bidder shall be responsible to check the website periodically for updates and amendments.

**1.8.5. Exceptions**

By submission of a response, the bidder acknowledges and accepts all terms and conditions of the Request for Proposal unless clearly avowed and wholly documented in a separate section of the Technical Proposal to be entitled: "Exceptions."

**1.8.6. Authorized Signature**

Each Proposal shall give the complete legal name and mailing address of the bidder and be signed by an authorized representative by original signature with his or her name and legal title printed below the signature line.

**1.9. Additional Resources for Preparing a Bid Proposal**

Copies of prior audit and agreed upon procedures examination reports are available electronically at the sites listed below. Paper copies of prior audit and examination reports may be obtained through the Department of Administration.

[Statewide Single Audit – State Financial Statements](https://admin.ks.gov/offices/accounts-reports/state-agencies/finance/annual-comprehensive-financial-report/statewide-single-audit-report)

[Annual Comprehensive Financial Report - ACFR](https://admin.ks.gov/offices/accounts-reports/state-agencies/finance/annual-comprehensive-financial-report/annual-comprehensive-financial-report---acfr)

[Statewide Single Audit – Uniform Guidance](https://admin.ks.gov/offices/accounts-reports/state-agencies/finance/annual-comprehensive-financial-report/statewide-single-audit-report)

[Statewide Single Audit Report](https://admin.ks.gov/media/cms/State_of_Kansas_FY21_Single_Audit_Report_6496c2f8bba34.pdf)

[Kansas Department of Transportation – Financial Statements](https://www.ksdot.org/bureaus/burFiscal/default.asp) – [2022 ACFR Report](https://www.ksdot.org/Assets/wwwksdotorg/bureaus/burFiscal/rfq/findisc/2022_ACFR.pdf)

[Kansas Water Pollution Control Revolving Fund](https://www.kdhe.ks.gov/DocumentCenter/View/24766/2022-Kansas-Water-Pollution-Control-Revolving-Fund-Annual-Report_Final-PDF?bidId=) –

2021 [Confirmations](https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/confirmations---state-revolving-funds)

[The Public Water Supply Revolving Fund – Financial Statements](https://www.kdhe.ks.gov/DocumentCenter/View/24624/2022-Kansas-Public-Water-Supply-Loan-Fund-Annual-Report-PDF) –

2021 [Confirmations](https://admin.ks.gov/media/cms/2021_Confirmations__Kansas_Public_W_40DFE53967E3A.pdf)

[The Pooled Money Investment Board – Agreed Upon Procedures Examination](https://pooledmoneyinvestmentboard.com/)

**1.9.1. University System**

The university system is comprised of the six state universities. Currently, those universities are not audited separately from the State of Kansas but are included in the scope of work for the statewide financial audit. However, consideration is being given to having a separate audit of the individual universities (alternately, of the university system). It is unknown at this time when the universities would begin to have their own audits and therefore, no longer be included in the scope of the statewide audit. However, it could occur during the period of this audit contract.

The bidders should include a separate line item for the cost of the portion of the statewide financial audit spent on the universities. Should the universities begin to have their own audits during the period of this audit contract, the scope of work would be reduced to reflect this, and the total fees would be reduced by the amount specified on the line for the universities.

**2. BID PROPOSAL EVALUATION AND SELECTION PROCESS**

**2.1. Bid Proposal Opening**

Bids will be opened on December 16, 2022, at 10:00 a.m. Only the names of those who submitted a proposal shall be made public information.

Bid results will not be given to individuals over the telephone or email.

Copies of individual proposals may be obtained under the Kansas Open Records Act by submitting a written request to the Department of Administration Office of Chief Counsel. The Kansas Open Records Act Requests form may be found at [www.admin.ks.gov](http://www.admin.ks.gov). The Department of Administration will estimate the cost of reproducing those records, if any, according to its fee schedule. Information in proposal files shall not be released until a contract has been executed or all proposals have been rejected.

**2.2. Bid Proposal Evaluation**

The evaluation conducted by the staff of the Department of Administration shall be done in accordance with the bid Proposal evaluation system adopted by the Contract Audit Committee.

The Financial Compliance Audit Act requires the evaluation of bid proposals received and the selection of three to five bidders which are, in the opinion of the Department of Administration, qualified to perform the audit work. A list of those bidders selected shall be submitted to the Contract Audit Committee. The Department of Administration shall rank the selected bidders and the Contract Audit Committee may conduct discussions with each of the bidders so listed.

Proposals will be the primary source of information used in the evaluation process. Therefore, applicants are requested and advised to be as complete as possible in their response. However, the Department of Administration may:

* Contact any bidder to clarify any response;
* Contact any users of a bidder’s services;
* Solicit information from any available source concerning any aspect of the Proposal;
* Seek and review any other information deemed pertinent to the evaluation process.

**2.3. Mandatory Items**

1. There are 11 mandatory items that will be considered in evaluating each bid Proposal. If any of these mandatory items are determined to be not favorable, the bid Proposal shall be judged as not qualified for further consideration.
2. The bidder must be permitted by law to practice in the State of Kansas as a certified public accountant. The bidder shall provide the full legal name of the firm and the firm registration number for the State of Kansas.
3. The bidder must not have been suspended or debarred by the federal government and shall affirm that they are not on the federal excluded parties list.
4. The bidder must have undergone an external quality control review during the three-year period ending June 30, 2022, with satisfactory results. The bidder shall provide a copy of the final report as an attachment to the bid document.
5. The bidder's proposed audit approach must meet the requirements of the Request for Proposal.
6. The bidder must be independent from the State of Kansas and its component units. The bidder shall disclose all instances where it provides non-audit services to the State of Kansas, any of its component units, and any of its subrecipients as an attachment to the bid document or affirm that it does not provide any non-audit services to the State of Kansas, any of its component units, or any of its subrecipients.
7. The bidder must not have any other conflicts of interest or potential conflicts of interest in fact or in appearance. The bidder shall disclose all instances where the bidder has any other conflicts of interest or potential conflicts of interest in fact or in appearance or affirm that it does not have any conflicts of interest or potential conflicts of interest in fact or in appearance.
8. The bidder must have arrived at prices in the bid Proposal independently, without consultation, communication, or agreement for the purpose of restricting competition as to any matter relating to such prices with any other bidder or firm. The bidder has not disclosed prices which have been included in the bid Proposal and shall not disclose the prices prior to award directly or indirectly to any other firm. The bidder has made no attempt and shall make no attempt to induce any other bidder or firm to submit or not to submit a bid Proposal for the purpose of restricting competition. The bidder shall affirm these statements.
9. The bidder must not have any delinquent taxes due the State of Kansas. The bidder shall submit a tax clearance certificate as an attachment to the bid document. Such certificate shall have an issue date not more than 45 days prior to the date of the bid submission.
10. The bidder must acknowledge amendments to the Request for Proposal, if any. The bidder shall provide a signed copy of the amendments, if any, as an attachment to the bid document.
11. The bidder must disclose all permit to practice numbers and all states that all partners, managers, and supervisors to be assigned to the audits or examinations in this Request for Proposal have held. The bidder shall include this information on the staff qualifications form.
12. The staff assigned to the audit must have met the continuing professional education requirements of Government Auditing Standards. The firm should submit a listing of all courses taken, number of hours, and whether the hours directly relate to government auditing or the government environment for each staff that will be assigned to the audit.

**2.4. Scale-Evaluated Items**

In addition to the mandatory items, three scale-evaluated items will be considered in evaluating each bid Proposal. For all three scale-valuated items, the evaluation is based on the bidder’s score relative to the best-scoring bid.

1. The qualifications of the office submitting the bid Proposal (25% of the bid evaluation). These qualifications are based on the number of certain types of audits conducted by that office during the most recent five years. That evaluation is made based on information provided by the submitting firm on the appropriate form included in this package.
2. Staff qualifications of certain key personnel that would be assigned to the audit (50% of the bid evaluation). These key personnel are the managing and review partners, the project manager, and the supervisor. That evaluation is made based on information provided by the submitting firm on the appropriate form included in this package.
3. The proposed fees (25% of the bid evaluation).

**2.5. Awarding the Contract**

The final evaluation and award will be made by the Contract Audit Committee, which consists of the following members (or their designees): (1) the Secretary of Administration or a person designated by the Secretary of Administration; (2) the Director of Accounts and Reports or a person designated by the Director of Accounts and Reports; (3) the Post Auditor or a person designated by the Post Auditor; (4) the State Treasurer or a person designated by the State Treasurer; and (5) the Director of the Budget or a person designated by the Director of the Budget.

The bidder to be awarded the contract shall be selected at a time and date to be determined by the chair of the Contract Audit Committee after the Proposals have been evaluated.

Bidders may be requested to appear before the Contract Audit Committee to explain their understanding and approach to the project or respond to questions from the Contract Audit Committee concerning the Proposals. However, the Contract Audit Committee may award based on the initial Proposals without further inquiry. The Contract Audit Committee reserves the right to request information from bidders as needed. If information is requested, the Contract Audit Committee is not required to request the information of all bidders.

In order to be considered for selection, bid Proposals must be completely responsive to this Request for Proposal. Emphasis should be on completeness and clarity of content. The Contract Audit Committee has the right to rely on any prices provided by bidders. The bidder shall be responsible for any mathematical errors. The Contract Audit Committee reserves the right to reject Proposals which contain errors.

The award shall be made in the best interest of the State of Kansas as determined by the Contract Audit Committee. The Contract Audit Committee is not bound to award the contract to the bidder achieving the best result from the evaluation.

**2.6. Contract Formation**

The successful bidder will be required to enter into a written contract with the Department of Administration. No contract shall be considered to have been entered into until all statutorily required signatures and certifications have been rendered and a written contract has been signed by the successful bidder and the Department of Administration.

If the Department of Administration is unable to enter into a contract with any of the selected bidders, the Contract Audit Committee shall request the Department of Administration to provide another list of bidders to be reviewed by the Contract Audit Committee and, upon receipt of such list, the Contract Audit Committee shall repeat the process.

The bidder may decline to sign a contract after selection by the Contract Audit Committee.

**3. TERMS AND CONDITIONS**

**3.1. Contract Documents**

The State of Kansas DA-146a (Contractual Provisions Attachment), this Request for Proposal and any amendments to the Request for Proposal, the bid Proposal and any amendments to the bid Proposal of the contractor, and the engagement letter of the contractor, shall be incorporated by reference into the written contract, which shall compose the complete understanding of the parties.

Any conflict in the provisions of the written contract and the documents incorporated herein by reference shall be determined and resolved by applying the following priority order:

* Form DA-146a;
* written modifications to the executed contract signed by the parties;
* written contract signed by the parties;
* amendments to the Request for Proposal;
* the Request for Proposal; the contractor's written Proposal submitted in response to the Request for Proposal;
* the contractor’s written engagement letter signed by the parties.

This contract and the documents described above which are incorporated by reference constitute the entire contract of the parties hereto. The written contract in its final composite form, shall represent the entire agreement between the parties and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the parties relating to the subject matter hereof. This contract between the parties shall be independent of and have no effect on any other contracts of either party.

**3.2. Modifications and Oral Agreements**

No oral agreements will be effective to alter the written contract. The contract can only be amended by written agreement signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.

**3.3. Term of Agreement**

Subject to termination as stated herein or a subsequent amendment to this contract, the term of work under this contract shall begin upon execution of the contract by the parties and shall end upon completion of the contract.

**3.4. Termination Right**

Notwithstanding any other provisions of this contract, the State of Kansas reserves the right to terminate this contract for any reason at any time without cause or penalty by giving ten (10) days advance notice thereof in writing to the contractor. In the event of the termination of this contract, the contractor also agrees that the State of Kansas shall not be obligated to pay for any deliverable not already completed and delivered to the State of Kansas prior to termination date. In the event of termination, all finished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared for the Department of Administration under the contract, become property of the Department of Administration upon payment for services rendered through the termination date.

**3.5. Partial Performance**

Should the contractor fail to comply with the provisions of this contract to the satisfaction of the Department of Administration, payment for portions of the contract will be withheld until such time as the contract terms have been implemented. This condition also allows for administrative, contractual, and legal remedies as determined appropriate by the Attorney General of the State of Kansas where it appears that the contractor has violated, breached, or defaulted on the contract terms.

**3.6. Staff Qualifications**

The contractor shall warrant that all persons assigned by it to the performance of this contract shall be employees of the contractor, specified subcontractor, or special consultant and shall be fully qualified to perform the work required.

Failure of the contractor to provide qualified staffing at the level required by the contract specifications may result in termination of this contract or damages. Substitutions for the individuals listed in the bid Proposal shall be allowed only upon the written approval of the Department of Administration. The person substituted shall have substantially the same qualifications as or better qualifications than the person replaced as rated by the bid Proposal evaluation system. The contractor shall, on request by the Department of Administration, provide the Department of Administration with a resume of any member of its staff, subcontractor’s staff, or special consultant’s staff assigned to or proposed to be assigned to any aspect of the performance of this contract.

During the course of this contract, the Department of Administration reserves the right to approve or disapprove the contractor’s staff assigned to this contract. Upon the written request of the Department of Administration, any employee of the contractor, subcontractor, or special consultant who, in the opinion of the Department of Administration, is unacceptable shall be removed from work under this contract. In the event that any employee of the contractor, subcontractor, or special consultant is removed pursuant to a written request from the Department of Administration, the contractor shall fill the vacancy with a replacement reasonably acceptable to the Department of Administration in a manner which does not adversely impact the timely performance under this contract.

**3.7. Responsibility for Services in This Agreement**

The contractor shall be responsible for all services in this contract whether or not the contractor produced them.

**3.8. Subcontractors**

Any subcontract to which the Department of Administration has consented shall be in writing and shall be attached to the contract as an exhibit and shall in no way limit the terms and conditions of the contract. No substitutions may be made after the award or amendment of the contract as described in this section below.

Contractor is allowed to subcontract part of this contract if the contractor has provided adequate information about the subcontractor, including staff and office qualifications, and described specifically what areas the subcontractor will audit, in the Request for Proposal.

The contractor is also allowed to subcontract part of this contract if deemed necessary by the contractor after the award of the contract. Any subcontractor shall be approved in writing and signed by the parties and shall be attached to the contract as an amendment. The contractor shall provide information about the subcontractor, including staff and office qualifications, and describe specifically what areas the subcontractor will audit. If the Department of Administration does not approve the subcontractor, then the contractor shall conduct the audit work.

All terms, conditions and requirements of the contract shall apply without qualification to any services performed or goods provided by any subcontractor. All subcontract agreements shall contain provisions for the Department of Administration’s access to the subcontractor’s books, documents, and records and for inspections of its work by the Department of Administration. No subcontract agreement or delegation of work shall relieve or discharge the contractor from any obligation, provision, or liability under this contract. Any action of a subcontractor which, if done by the contractor, would constitute a breach of this contract shall be deemed a breach by the contractor and have the same legal effect.

The State of Kansas requires tax clearance certificates for all subcontractors be submitted with the Request for Proposal, and that the bidder additionally provide subcontractor(s) legal company name, contact information and tax ID number (FEIN/TIN) as well.

In Executive Order 18-04, Governor Colyer ordered all state contractors be provided a copy of the attached Policy Regarding Sexual Harassment, and contractors are to sign the document agreeing to comply with the policy.

Recent legislation has amended a former law and requires companies entering contracts with the State of Kansas of more than $100,000 sign a certification that the company is not currrently engaged in a boycott of goods or services from Israel.

**3.9. Assignment**

The contractor shall not assign, convey, encumber, or otherwise transfer its rights or duties under this contract without the prior written consent of the Department of Administration. The Department of Administration may reasonably withhold consent for any reason. The assignment, conveyance, encumbrance, or other transfer by the contractor without the prior written consent of the Department of Administration may result in termination of the contract.

**3.10. Conflict of Interest**

The contractor shall not knowingly employ, during the period of this contract or any extensions to it, any professional personnel who are also in the employ of the State of Kansas and providing services involving this contract or services similar in nature to the scope of this contract to the State of Kansas. Furthermore, the contractor shall not knowingly employ, during the period of this contract or any extensions to it, any State of Kansas employee who has participated in the making of this contract until at least two (2) years after his/her termination of employment with the State of Kansas.

If the contractor becomes aware of any non-audit relationships with any State of Kansas agency, employee, component unit, or subrecipient, or if the contractor becomes aware of any conflict of interest or potential conflict of interest in fact or in appearance, the contractor will notify the Department of Administration within five (5) business days by providing to the Department of Administration a written description of the facts and circumstances. Failure to disclose any such situation or any potential conflict of interest may result in termination of the contract.

**3.11. Confidentiality**

In accordance with K.S.A. 75-37,158, the contractor shall be subject to the same duty of confidentiality applicable to the Department of Administration and officers and employees of the Department of Administration under K.S.A. 46-1106(g).

In accordance with K.S.A. 75-37,158, each audit report, finding, conclusion, opinion, or recommendation shall be confidential until the final written report is issued to the secretary of administration and to the legislative post audit committee. The contractor shall refer to the Department of Administration any questions or requests for reports other than those specified in the Scope of Work section below, which occur before the final audit report is issued.

The contractor may have access to private or confidential data maintained by the State of Kansas to the extent necessary to carry out its responsibilities under this contract. The contractor must comply with all the requirements of the Kansas Open Records Act (K.S.A. 42-215, *et seq*.) in providing services under this contract. The contractor shall accept full responsibility for providing adequate supervision and training to its agents and employees to ensure compliance with the Act. No private or confidential data collected, maintained or used in the course of performance of this contract shall be disseminated by either party except as authorized by statute, either during the period of the contract or thereafter. The contractor shall return any or all data furnished by the State of Kansas promptly at the request of State of Kansas in whatever form it is maintained by the contractor. On the termination or expiration of this contract, the contractor will not use any of such data or any material derived from the data for any purpose and, where so instructed by State of Kansas, will destroy, or render it unreadable.

The contractor agrees that acquiring or possessing confidential information as defined in K.S.A. 45-221, *et seq*., or any other state or federal law, specifically including personally identifiable information such as names, addresses, or social security numbers, shall be restricted to those situations in which possession of such information is necessary for implementation of the audit plan.

**3.11.1. Transporting Personally Identifiable Information or Other Confidential Data**

The contractor agrees that the methods of acquiring or transporting personally identifiable information or other confidential data shall be restricted to those methods proposed by the contractor and approved by the Department of Administration. No transport methods may be employed without advance written consent by the Department of Administration. Approved methods may include, but are not limited to, secure file transfer protocol (FTP), encrypted hard drives or flash drives, or encrypted electronic mail protocols.

The contractor further agrees that, in the event a State of Kansas agency provides the contractor with data via unsecured electronic mail or other insecure means, when such data includes personally identifiable information or other confidential information, the contractor will notify the Department of Administration within twenty-four (24) hours.

**3.11.2. Storing Personally Identifiable Information or Other Confidential Data**

The contractor agrees that any personally identifiable information or confidential data, once in the contractor’s possession, shall reside only on a properly secured network or on a properly encrypted portable computer. The contractor acknowledges that it is bound by K.S.A. 75-37,158(c), which places the same confidentiality requirements on contractors as on personnel of the agency that owns the data. Any fines, judgments, remediation, or other costs associated with or resulting from the release of personally identifiable information or other confidential data in the custody of the contractor, accidental or otherwise, shall be the sole responsibility of the contractor.

In the event of a suspected or confirmed data breach, resulting in exposure or loss of personally identifiable information or other confidential data, the contractor shall immediately notify the Department of Administration and the agency that provided the data of the following:

* What actions the contractor has taken to investigate the suspected or confirmed breach
* If confirmed, the amount and nature of the compromised data
* If confirmed, what steps the contractor has taken to mitigate the breach and prevent further such incidents.

**3.11.3. Redacting Personally Identifiable Information or Other Confidential Data from the Audit Documentation**

The contractor further agrees that all personally identifiable information or other confidential data shall be deleted or redacted from all audit documentation associated with the completed audit. Replacing personally identifiable information or other confidential data with arbitrary case numbers shall be an acceptable alternative. If the Department of Administration, in the course of review of such documentation, identifies any confidential information that was not suitably deleted or redacted, the contractor agrees to do the following as requested:

* Delete the identified instance of personally identifiable information or other confidential data
* Conduct a complete review of all documentation associated with the audit to ensure that all personally identifiable information or other confidential data has been deleted
* Re-submit the audit documentation for review by the Department of Administration and conduct subsequent documentation reviews until the Department of Administration is satisfied that no personally identifiable information or other confidential data remains.

Any such reviews or revisions of audit documentation by the contractor shall be at the contractor’s expense. In no case shall such work be billable to the Department of Administration as additional work.

**3.12. Disposing of Personally Identifiable Information or Other Confidential Data**

The contractor further agrees to shred or securely dispose of any hard copies of personally identifiable information or other confidential material, and to delete any such material maintained electronically using a secure delete program (i.e.: PGP Shredder or equivalent) to ensure such deleted data are irrecoverable.

**3.13. HIPAA Confidentiality**

Per the Health Insurance Portability and Accountability Act (1996) (HIPAA), the agency is a covered entity under the act and therefore the contractor is not permitted to use or disclose health information in ways that the agency could not. This protection continues as long as the data is in the hands of the contractor.

The contractor shall establish and maintain procedures and controls acceptable to the agency to protect the privacy of members' information. Unless the contractor has the member's written consent, the contractor shall not use any personally identifiable information obtained for any reason other than that mandated by this contract.

**3.14. Inspection**

Failure to adequately inspect the premises, prior audit documentation and reports, or other resources or to understand the scope of work shall not relieve the contractor from furnishing without additional cost to the State of Kansas any materials, equipment, supplies or labor that may be required to carry out the intent of this contract. Submission of a Proposal shall be construed as evidence that the bidder has made necessary examination, inspection, and investigation.

**3.15. Submission of the Bid**

Submission of the bid will be considered presumptive evidence that the bidder is conversant with local facilities and difficulties, the requirements of the documents and of pertinent professional or regulatory bodies, State of Kansas and/or local codes, state of labor and material markets, and has made due allowances in the Proposal for all contingencies. Later claims for labor, work, materials, equipment, and tax liability required for any difficulties encountered which could have been foreseen will not be recognized and all such difficulties shall be properly taken care of by contractor at no additional cost to the State of Kansas.

**3.16. Price Adjustments**

Prices shall remain firm through the completion of this contract. The price shall reflect all deliverables including, but not limited to, report drafts, status reports, site visits, fieldwork, presentations, travel, and expenses associated with deliverables. The price shall also include all costs and expenses associated with the contractor’s attendance at and participation in any public meetings held following the submission of the contractor’s final reports to present, explain or discuss the reports. Also, the price shall include all costs and expenses associated with any quality control review conducted by any oversight agency for audit, any professional or regulatory body of any of the audits or examinations in this Request for Proposal, including peer reviews.

If the contractor is contacted by any regulatory agency or other agency for information regarding the State of Kansas, the contractor shall notify the Department of Administration in writing within five business days. The contractor shall not charge for any additional work unless both parties have agreed to additional fees in writing in the form of an amendment to the contract.

Any increase in the work processes or services provided by the contractor without a written amendment to the contract signed in advance by the parties shall be at the contractor’s own risk. The cost and expense will be the responsibility of the contractor, and the contractor shall not submit a claim for compensation for work, materials, or equipment in connection with such changes.

**3.17. Billing and Payment**

Final payment shall be made in accordance with the Prompt Payment Act after all of the following have occurred:

* The contractor has delivered the final audit report to the Department of Administration.
* The contractor has delivered a complete, legible copy of the audit documentation to the Department of Administration.
* The staff of the Department of Administration has completed a review of the final audit report and the audit documentation.
* The staff of the Department of Administration has mailed a letter accepting the audit to the contractor.
* The contractor has billed the Department of Administration for the final payment.

Progress payments may be allowed on this contract. However, they shall be made no more often than once per month. Progress payments shall be based on the firm's estimate of the current percentage of completion. Audit documentation may be reviewed by the Department of Administration to support the firm's estimated percentage of completion.

Limits have been set on the total amount of payment that shall be made by certain points in the audit process. No more than 60% shall be paid prior to the completion of the fieldwork, 70% prior to receipt of a draft audit report by the Department of Administration, 80% prior to receipt of the final audit report by the Department of Administration, and 90% prior to receipt of the audit documentation.

The final payment shall be made the earlier of completion of review and acceptance of the audit documentation by the Department of Administration or 45 days after the receipt of a complete, legible set of the final audit documentation by the Department of Administration. However, should the Department of Administration determine that the contractor failed to comply with the contract provisions, payment for portions of the contract will be withheld until such time as the Department of Administration determines that the contractor is in full compliance with the contract provisions. This condition does not waive and is in addition to any administrative, contractual, or legal remedies as determined appropriate by the Department of Administration. Where it appears that the contractor has violated, breached, or defaulted on the contract terms, the Department of Administration agrees that it will not exercise its discretion in an arbitrary or capricious manner. The Department of Administration will provide to the contractor with the notice of rejection a list of the specifications, terms, conditions, or other items that the contractor must rework, revise, change or complete for the Department of Administration to accept the audit. The contractor shall be responsible for all material errors and omissions in the performance of the contract and shall correct the errors and omissions at no additional cost to the state, state agencies or the Department of Administration.

**3.18. Acceptance by Oversight Agency for Audit**

The audits in this contract must be accepted by the oversight agency for audit. Should an audit not be accepted by the oversight agency for audit, the contractor shall correct all deficiencies needed to bring the product up to a level that is acceptable to the oversight agency for audit at no additional cost to the State of Kansas or other auditee, or to the Department of Administration. The contractor shall be responsible for any additional fees or other expenses associated with corrections to audits that have been deemed deficient by any oversight agency for audit.

**3.19. Quality Control Review**

In the event a quality control review is conducted on any of the audits or examinations under this contract by any professional or regulatory body during the contract period or after, the contractor shall notify the Department of Administration within five business days of the contractor receiving notice of the quality control review. The contractor agrees that the results, including any written reports, of said review shall be released to the Department of Administration within five business days of receiving such results. Written reports shall be clearly marked “Confidential and Proprietary.”

**3.20. Employment of Counsel and Resolution of Litigation and Legal Fees**

In the event of litigation involving any audits or agreed upon procedures regarding the services provided by the contractor (hereinafter referred to as “Litigation”), the State of Kansas, or the

contractor, the contractor shall:

* Promptly notify the Department of Administration after learning of any Litigation related to the audits or agreed upon procedures;
* Cooperate fully by providing the Department of Administration with all non-confidential relevant information and documents within its control as requested;
* Reasonably assist the State of Kansas in the defense of any Litigation; and
* Be responsible for its and the State of Kansas' attorney’s fees and costs resulting from the contractor’s negligence or breach of its obligations under the contract.

In the event the State of Kansas, any agency, committee, or employee is the sole-named defendant in Litigation, such party shall have discretion to defend, settle, compromise, or otherwise resolve such Litigation.

In the event the contractor or any of its staff is the sole-named defendant in any Litigation related to this contract, the contractor shall keep the Department of Administration informed of the status of the Litigation and any decision to settle, compromise, or otherwise resolve the Litigation if such Litigation, settlement, or compromise could have a financial impact on the State of Kansas. Any settlement, compromise or other resolution which has a financial impact on the State of Kansas shall be approved in writing by the State of Kansas, which such approval shall not be unreasonably withheld.

In the event the State of Kansas and the contractor are co-defendants in any Litigation, the parties will cooperate fully with each other to defend, settle, compromise, or otherwise resolve such Litigation consistent with the terms of this contract.

In the event any entity other than the State of Kansas or the Contractor is named as a defendant in Litigation, the State of Kansas can elect to defend, settle, compromise, or otherwise resolve such Litigation with respect to those other entities.

The contractor shall be responsible for all the State of Kansas’ reasonable attorney’s fees, costs and expenses related to the contractor’s negligence or breach of the contractor’s obligations or duties under the contract. The contractor waives all defenses of lack of personal jurisdiction and *forum non conveniens*. Process may be served on the contractor in the manner authorized by applicable law or court rule.

The State of Kansas, its agencies and employees reserve the right to select and retain counsel.

The provisions of this section will survive termination or expiration of this contract.

**3.21. Notice to Auditees**

The contractor shall provide adequate notice of at least two weeks to the auditee prior to the beginning of fieldwork. In addition, the contractor shall notify the Department of Administration when fieldwork begins.

**3.22. Auditee Responsibilities**

The auditee shall:

* Make all files and records available to the contractor;
* Prepare all schedules required by the contractor;
* Make workspace available for the contractor;
* Provide a draft audit report to the contractor;
* Provide a Schedule of Expenditures of Federal Awards to the contractor;
* Provide assistance to the contractor (i.e.: answer questions, gather documentation from files).

**3.23. Contractor Project Manager**

The contractor shall designate a project manager who shall be the contact with the Department of Administration. The Project Manager will oversee all activities for the contractor.

**3.24. The Department of Administration Liaison**

The Manager, Statewide Consolidated Reporting, Controls & Collections will be a liaison to the contractor throughout the audit. The contractor shall include the Manager, Statewide Consolidated Reporting, Controls & Collections in scheduling all entrance, update, or exit conferences with any State of Kansas agency or component unit.

Prior to the contractor contacting any State of Kansas agency, component unit, or subrecipient for the first time in any audit or agreed upon procedures examination each fiscal year, the contractor shall give notice to the Manager, Statewide Consolidated Reporting, Controls & Collections. The Manager, Statewide Consolidated Reporting, Controls & Collections shall send an introduction letter to the agency head and copy agency staff that are determined to be audit contacts.

**3.25. Contract Administration**

This contract shall be administered for the State of Kansas by the Department of Administration, who shall be responsible for matters relating to this contract.

**3.26. Audit Documentation**

Once the final audit report has been issued, the audit documentation are public records under the provisions of the Kansas Open Records Act (K.S.A. 45-215 et seq.) Requests for access to or copies of the audit documentation shall be referred to the Department of Administration as the applicable public agency under the Act.

**3.27. Compliance with Laws**

The Contractor shall be responsible for complying with applicable federal, state, and local laws and regulations.

**3.28. Federal False Claim Act**

To the maximum extent permitted by law, the contractor agrees to not seek and waives any right to accept any relief or award from any charge or action, under both the Federal False Claims Act and the Kansas False Claims Act, against the State of Kansas before any federal, state, or local administrative agency or federal state or local court whether filed by the Contractor or on the Contractor's behalf using any information obtained in the course of the audit engagement.

**3.29. Indemnity**

The contractor shall indemnify and hold harmless the Department of Administration and the State of Kansas office or employees for any payment made or action if it is determined that such payment or action was caused directly or indirectly by:

* A negligent act or omission by the contractor;
* A criminal, fraudulent or dishonest act by the contractor; or
* Any disregard of the contractor’s obligations or any fiduciary duty under this contract.

**3.30. Joint Drafting**

No provision of the written contract shall be construed more harshly or unfavorably against any party hereto regardless of which party drafted the provision or for whose benefit the provision was included.

**3.31. Validity and Waiver**

The invalidity in whole or in part of any provision of the written agreement shall not affect the validity of other provisions. A waiver of a breach of any provision or performance guaranty of the written contract shall not constitute a waiver of any subsequent breach of that provision or a breach of any other provision of the written contract. The failure of the parties to enforce at any time or from time to time any provision of the written contract shall not be construed as a waiver thereof. No contract term or condition shall be held to be waived, modified, or deleted except by a written amendment signed by the parties.

**3.32. Jurisdiction**

The written contract shall be governed by the laws of the State of Kansas and should be deemed executed in Topeka, Shawnee County, Kansas. The parties shall bring any and all legal proceedings arising under the written contract in the State of Kansas, District Court of Shawnee County. The Eleventh Amendment of the United States Constitution is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State of Kansas to reiterate that nothing related to the written contract shall be deemed a waiver of the Eleventh Amendment.

**3.33. Proof of Insurance**

The contractor shall have general professional liability insurance or specific professional liability insurance in an amount sufficient for this engagement. Evidence of this coverage shall be made available to the Department of Administration before contract execution.

**3.34. Personnel, Supplies and Equipment**

The contractor shall be responsible for personnel, supplies, and equipment.

**3.35. Materials and Workmanship**

The contractor shall perform all work and furnish all supplies and materials, machinery, equipment, facilities, and means, necessary to complete all the work required by this contract, within the time specified, in accordance with the provisions as specified.

**3.36. Publications**

None of the provisions of the contract shall be construed to prohibit the publication by the contractor of any reports, information, data, or other documents prepared or assembled by the contractor under the contract, except as follows:

* No reports, maps, or other documents produced in whole or in part under this contract shall be the subject of an application for copyright by or on behalf of the contractor.
* Contents of the audit may not be released in violation of the Legislative Post Audit Act or Legislative Post Audit Committee Rules.
* No reports, maps, or other douments may be used as or within advertisements or marketing material for the contractor.

**3.37. Notices**

All notices, demands, requests, approvals, reports, instructions, consents, or other communications (collectively “notices”) which may be required or desired to be given by either party to the other shall be in writing and shall be made by: (1) personal delivery, (2) United States mail, postage prepaid, return receipt requested, (3) by overnight delivery, prepaid, (4) e-mail, or (5) telefacsimile. Notice by mail shall be presumed to have been received within three (3) days of mailing.

Notices to the State shall be addressed as follows:

Department of Administration

1000 SW Jackson Street, Suite 500

Topeka, KS 66612

Phone (785) 296-6003

Fax (785) 296-2702

**4. SCOPE OF WORK**

**4.1. Introduction**

This contract shall cover the following annual audit services for State of Kansas for fiscal year 2023 with renewal options of three additional one-year periods subject to acceptable performance and costs:

* Statewide Single Audit (financial and federal compliance)
* Kansas Department of Transportation Financial Audit
* Kansas Water Pollution Control Revolving Fund Financial Audit
* Public Water Supply Revolving Fund Financial Audit

This contract may also cover the following biennial examinations for State of Kansas fiscal years 2024 and 2026 with renewal option of one additional biennial examination subject to acceptable performance and costs:

* State Treasurer’s Office Agreed Upon Procedures
* Pooled Money Investment Board Agreed Upon Procedures
* State Treasurer’s Office Transition Audit
* Bond Disclosure

**4.2. General Requirements**

All audits shall be conducted in accordance with the version then in effect of applicable audit standards, including the U.S. General Accounting Office’s *Government Auditing Standards*. All agreed upon procedures examinations shall be conducted in accordance with the version then in effect of the American Institute of Certified Public Accountants *Statements on Standards for Attestation Engagements*.

**4.2.1 Deliverables: Quality Control Review (QCR)**

The contractor shall provide audit documentation, access to the contractor’s staff, office space, and any additional items needed to complete any QCR should one of the audits in this Request for Proposal be selected for a QCR by an oversight agency for audit.

**4.3. Statewide Single Audit – State Financial Statements**

The Statewide Single Audit is to fulfill certain audit requirements of K.S.A. 75-37,152 and the requirements of the federal Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The State of Kansas financial statements to be audited are the general-purpose financial statements included in the Annual Comprehensive Financial Report prepared by the Department of Administration. Audited financial statements will be made available for all controlled corporations associated with the Board of Regents and all component units except the State University System which is included in the scope of this engagement. The financial and Uniform Guidance audit of the six universities shall be included in this contract.

Component units to be included in the State of Kansas financial statements are:

* Kansas Public Employees Retirement System
* Kansas Housing Resources Corporation
* Kansas Development Finance Authority
* State University System, including controlled corporations associated with the Board of Regents
* Kansas Turnpike Authority
* Information Network of Kansas
* Kansas Center for Entrepreneurship

The contractor’s audit reports of the State of Kansas may be included in any bond offering documents authorized by any State of Kansas agency provided that a statement is included that indicates the contractor does not express any opinion as to information other than the audited financial statements of the State of Kansas or entities thereof and does not imply that there has been no change in the State of Kansas’ financial position since the date of the contractor’s audit report or opinion. Prior to release, the State of Kansas agrees to provide a copy of the offering documents to the contractor to enable the contractor to read the documents to determine that the information is not materially inconsistent with information contained in the audited financial statements. With prior notice of at least two weeks, the contractor shall complete its work within forty-eight (48) hours of the State of Kansas agency’s request to begin.

**4.3.1 Deliverables: Work Plan**

Each year, the contractor shall provide the Department of Administration an outline audit work plan showing the audit areas and State of Kansas agencies to be audited in those areas. This work plan shall also include tentative dates for the start of field work, and a listing of Continuing Professional Education courses and number of hours (including whether the hours directly relate to government auditing or the government environment) for those staff assigned to the audit. Any significant deviation from the submitted work plan shall be in writing and signed by the parties. The work plan shall be provided prior to commencing audit work.

**4.3.2. Deliverables: Status Reports**

The contractor shall provide progress reports to the Department of Administration on an agreed upon basis from the time field work begins until the project is completed. However, progress reports may be provided more frequently. The contractor shall notify the Department of Administration of any difficulties encountered, the status of the audit including estimated completion dates, the status of any audit findings, and any other issues.

**4.3.3. Deliverables: Draft Audit Report**

The contractor shall provide an electronic copy of the draft audit reports to the Kansas Department of Administration no later than November 15 following the end of the fiscal year being audited.

The Kansas Department of Administration shall review the draft report and provide comments to the contractor within one week of receiving the draft report. The contractor shall incorporate changes agreed upon by the contractor and the Kansas Department of Administration into the final report.

**4.3.4. Deliverables: Final Audit Report**

The contractor shall provide an original electronic copy of the final audit reports required by applicable standards to the Kansas Department of Administration and the legislative post audit committee no later than December 1 following the end of the fiscal year being audited. Scanned in versions of hard copies shall not be accepted by the Department of Administration. The final audit report copy must allow the Department of Administration to add a cover and transmittal letters.

The Department of Administration shall be solely responsible for answering all questions and for distributing all reports other than those to be provided under this Scope of Work Section.

**4.3.5. Deliverables: Management Letter**

The contractor shall deliver to the Department of Administration a copy of the management letter issued to management, if any.

**4.3.6. Deliverables: Audit Documentation**

The contractor shall deliver to the Department of Administration one complete, legible copy of the audit documentation generated by the contractor in the conduct of the audit within 60 days after issuance of the final audit report. Audit documentation shall be in an electronic format agreed to by the contractor and the Department of Administration. The contractor shall submit the audit documentation via a secure means.

**4.4. Statewide Single Audit – Uniform Guidance**

Federal expenditures of the Kansas Housing Resources Corporation and of the State University System are included in the State of Kansas’ SEFA.

**4.4.1 Deliverables: Work Plan**

Each year, the contractor shall provide the Department of Administration an outline audit work plan showing the audit areas and State of Kansas agencies to be audited in those areas. Specifically, this should include the type A federal programs selected as major. This work plan shall also include tentative dates for the start of field work, and a listing of Continuing Professional Education courses and number of hours (including whether the hours directly relate to government auditing or the government environment) for those staff assigned to the audit. Any significant deviation from the submitted work plan shall be in writing and signed by the parties. The work plan shall be provided prior to commencing audit work. The State of Kansas experienced an expansion of major programs as a result of Coronavirus relief funds and Infrastructure Investment and Jobs Act during recent fiscal years. This additional scope should be a consideration when submitting proposal.

The State of Kansas has many (60 or more) type B programs. Given the number of type B federal programs, the Department of Administration expects that, in most years, the number of federal programs the contractor audits as major will equal the number of type A programs. The contractor may audit fewer federal programs only with prior written consent of the Department of Administration obtained at submittal of the work plan.

**4.4.2. Deliverables: Status Reports**

The contractor shall provide progress reports to the Department of Administration on an agreed upon basis from the time field work begins until the project is completed. The contractor shall notify the Department of Administration of any difficulties encountered, the status of the audit including estimated completion dates, the status of any audit findings, and any other issues.

**4.4.3. Deliverables: Draft Audit Report**

The contractor shall provide a copy of the draft findings to the auditee and to the Department of Administration within one week of end of fieldwork on each major program. The auditee shall review the draft findings and provide the contractor a written response to the draft findings within two weeks of receipt of the draft findings.

The contractor shall provide an electronic copy of the draft audit reports to the Department of Administration no later than March 10 following the end of the fiscal year being audited.

The Kansas Department of Administration shall review the draft report and provide comments to the contractor within one week of receiving the draft report. The contractor shall incorporate changes agreed upon by the contractor and the Department of Administration into the final report.

**4.4.4. Deliverables: Final Audit Report**

The contractor shall provide an original electronic copy of the final audit reports required by applicable standards to the Department of Administration and Legislative Post Audit not less than 15 days before the federal deadline for such report. Scanned in versions of hard copies shall not be accepted by the Department of Administration. The final audit report copy must allow the Department of Administration to add a cover and transmittal letters.

The Department of Administration anticipates providing to the contractor a draft SEFA by October 1 following the end of the fiscal year being audited.

The Department of Administration shall be solely responsible for answering all questions and for distributing all reports other than those to be provided under this Scope of Work Section, until the final audit report is issued to the secretary of administration and the legislative post audit committee.

**4.4.5. Deliverables: Uniform Guidance Reporting Package**

The Uniform Guidance portion of the work shall include preparation and submission by the contractor to the federal clearing house of the Uniform Guidance reporting package called for by federal single audit requirements. The contractor shall upload and certify the Uniform Guidance reporting package to the federal audit clearinghouse database no later than March 25 following the end of the fiscal year being audited. The Department of Administration shall certify and submit the reporting package in the federal audit clearinghouse.

**4.4.6. Deliverables: Audit Documentation**

The contractor shall deliver to the Department of Administration one complete, legible copy of the audit documentation generated by the contractor in the conduct of the audit within 60 days after issuance of the final audit report. Audit documentation shall be in an electronic format agreed to by the contractor and the Department of Administration. The contractor shall submit the audit documentation via a secure means.

**4.5. Kansas Department of Transportation – Financial Statements**

The financial audit of the Kansas Department of Transportation is to fulfill the audit requirement contained in the Kansas Department of Transportations’ bond resolutions and in K.S.A. 68-2315, and to provide the Kansas Department of Transportation with an audit report on the Kansas Department of Transportation's own financial statements and certain supplemental schedules.

The Kansas Department of Transportation financial statements to be audited are the general-purpose financial statements included in the Kansas Department of Transportation’s annual comprehensive financial report and any special financial statements needed to meet the audit requirements of the Kansas Department of Transportation’s bond resolutions.

The contractor’s audit reports of the Kansas Department of Transportation may be included in any bond offering documents authorized by the Kansas Department of Transportation provided that a statement is included that indicates the contractor does not express any opinion as to information other than the audited financial statements of the Kansas Department of Transportation and does not imply that there has been no change in the Kansas Department of Transportation’s financial position since the date of the contractor’s audit report or opinion. Prior to release the Kansas Department of Transportation agrees to provide a copy of the offering documents to the contractor to enable the contractor to read the documents to determine that the information is not materially inconsistent with information contained in the audited financial statements. With prior notice of at least two weeks, the contractor shall complete its work within 48 hours of the Kansas Department of Transportation’s request to begin.

The Kansas Department of Transportation intends that its financial statements be presented in accordance with generally accepted accounting principles applicable to state and local governments, including applicable pronouncements of the Governmental Accounting Standards Board and the Financial Accounting Standards Board. In addition, the Kansas Department of Transportation intends that its supplementary data be that recommended by the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting.

**4.5.1. Deliverables: Draft Audit Report**

The Kansas Department of Transportation shall provide a copy of the draft audit report to the contractor no later than September 1 following the end of the fiscal year being audited.

The contractor shall review the draft report and provide all reviewer final comments to the Kansas Department of Transportation no later than September 8 following the end of the fiscal year being audited.

The Kansas Department of Transportation shall incorporate changes agreed upon by the contractor and the Kansas Department of Transportation into the final report.

**4.5.2. Deliverables: Final Audit Report**

The contractor shall provide the final audit reports required by applicable standards to the Kansas Department of Transportation in .pdf format no later than September 15 following the end of the fiscal year being audited.

**4.5.3. Engagement Letter**

The contractor shall provide the complete engagement letter to the Kansas Department of Transportation and the Kansas Department of Administration no later than June 15 of the fiscal year being audited.

**4.5.4.  Deliverables:  Management Representation Letter**

The contractor shall provide the complete management representation letter to the Kansas Department of Transportation no later than September 9 following the end of the fiscal year being audited.

**4.5.5.  Deliverables:  Audit Status Meetings**

The contractor shall schedule an audit entrance meeting with the Kansas Department of Transportation no later than June 15 of the fiscal year being audited.

The contractor shall schedule an audit status meeting at a mutually agreed time with the Kansas Department of Transportation weekly beginning with the start of audit field work through the issuance of final audit report.

**4.6. Kansas Department of Health and Environment - State Revolving Fund Financial Statements**

The financial audits of the Kansas Water Pollution Control Revolving Fund and the Public Water Supply Loan Fund are to fulfill the audit requirements of the federal Environmental Protection Agency. The audits are to be performed on the general-purpose financial statements of (1) the Kansas Water Pollution Control Revolving Fund and (2) the Public Water Supply Loan Fund, which are prepared by the Department of Administration on behalf of the Kansas Department of Health and Environment.

**4.6.1. Deliverables: Draft Audit Reports**

The contractor shall provide copies of the draft audit reports to the Kansas Department of Health and Environment and the Department of Administration no later than September 4 following the end of the fiscal year being audited.

The Kansas Department of Health and Environment and the Department of Administration shall review the draft reports and provide comments to the contractor within one week of receiving the draft reports. The contractor shall incorporate changes agreed upon by the contractor, the Kansas Department of Health and Environment, and the Department of Administration into the final reports.

**4.6.2. Deliverables: Final Audit Reports**

The contractor shall provide the final audit reports required by applicable standards to the Kansas Department of Health and Environment and the Department of Administration in .pdf format no later than September 15 following the end of the fiscal year being audited.

**4.7. State Treasurer’s Office and Pooled Money Investment Board – Agreed Upon Procedures Examinations**

The agreed upon procedures examination of the State Treasurer’s Office and Pooled Money Investment Board is to fulfill certain audit requirements of K.S.A. 75-37,152(b).

These agreed upon procedures examinations shall address the adequacy of financial management practices and compliance with applicable state laws by evaluating the management assertions listed in Management Assertions section below.

In addition, the agreed upon procedures examination of the Pooled Money Investment Board shall also include a comparative investment performance review and an analysis of the investment program, including an evaluation of investment policies and practices and of specific investments in the pooled money investment portfolio. The analysis of the specific investments in the pooled money investment portfolio shall review whether such investments meet the investment priorities of safety, liquidity, and performance. The performance of such investments shall be measured by comparison to an appropriate market index.

**4.7.1. Deliverables: Work Plan**

Each year, the contractor shall provide the Department of Administration outline audit work plans. These work plans shall include tentative dates for the start of field work. Any significant deviation from the submitted work plans shall be in writing and signed by the parties. The work plans shall be provided prior to commencing audit work.

**4.7.2. Deliverables: Status Reports**

The contractor shall provide progress reports to the Department of Administration on an agreed upon basis from the time field work begins until the projects are completed. The contractor shall notify the Department of Administration of any difficulties encountered, the status of the audit including estimated completion dates, the status of any audit findings, and any other issues.

**4.7.3. Deliverables: Draft Agreed Upon Procedures Examination Report**

The contractor shall provide an electronic copy of each draft agreed upon procedures examination report to the State Treasurer’s Office, the Pooled Money Investment Board, and the Department of Administration no later than November 15 following the end of the fiscal year being audited. Each report shall include a schedule of management assertions, a schedule of procedures performed by the contractor to test those assertions, and the contractor’s conclusions regarding those assertions.

The State Treasurer’s Office, the Pooled Money Investment Board, and the Department of Administration shall review the draft agreed upon procedures examination reports and provide comments to the contractor within one week of receiving the draft reports. The contractor shall incorporate changes agreed upon by the contractor, the State Treasurer’s Office, the Pooled Money Investment Board, and the Department of Administration into the final reports.

**4.7.4. Deliverables: Final Agreed Upon Procedures Examination Report**

The contractor shall provide original electronic copies of the final audit reports required by applicable standards and the schedules and conclusions listed in the deliverables section above to the state treasurer or the pooled money investment board, as appropriate, and to the secretary of administration and the legislative post audit committee by December 1 following the end of the fiscal year being audited. Scanned in versions of hard copies shall not be accepted by the Department of Administration. The final audit report copies must allow for the addition of a cover and transmittal letters.

The Department of Administration shall be solely responsible for answering all questions and for distributing all reports other than those to be provided under this Scope of Work Section, until the final audit report is issued to the state treasurer or the pooled money investment board, as appropriate, and to the secretary of administration and the legislative post audit committee.

**4.7.5. Deliverables: Audit Documentation**

The contractor shall deliver to the Department of Administration one complete, legible copy of the audit documentation generated by the contractor in the conduct of the agreed upon procedures examination within sixty (60) days after issuance of the final reports. Audit documentation shall be in an electronic format agreed to by the contractor and the Department of Administration. The contractor shall submit the audit documentation via a secure means.

**5. Management Assertions of the State Treasurer’s Office and the Pooled Money Investment Board**

**5.1. State Treasurer’s Office Management Assertions:**

5.1.1 With regard to the Environmental Remediation Linked Deposit Loan Program, the Treasurer:

* + - * Made loans only for projects approved by the Kansas Agricultural Remediation Board as required by K.S.A. 2-3703.
      * Submitted a report to the governor and the legislature as required by K.S.A. 2‑3703.
      * Stayed within the limits as required by K.S.A. 2-3704 (c).
      * Received the approved Environmental Remediation Linked Deposit Loan packages as required by K.S.A. 3-3704 (f).
      * Certified to the director of investments the amounts required for the agricultural production deposit loan packages and entered into the agricultural production loan deposit agreements with eligible lending institutions in accordance with K.S.A. 75-4273(a) and (b).
      * Received a certificate of compliance from the eligible lending institutions in accordance with K.S.A. 75-4273(b).

5.1.2. With regard to bonds, the Treasurer:

* + - * Received written approval of the sufficiency of the municipal bond transcript from the Attorney General prior to registering bonds and registered all bonds in accordance with K.S.A. 10-108(a).
      * Charged and collected fees for registration or certification of municipal bonds, deposited fees, and made expenditures in accordance with K.S.A. 10-108(b).
      * Registered all state bonds or bonds issued by a municipality in accordance with K.S.A. 10-601.
      * Endorsed assignment of bonds in accordance with K.S.A. 10-602.
      * Paid proceeds on the maturity of any registered bond and collected fees in accordance with K.S.A. 10-603.
      * Fixed the amount of the bond transfer fee, adjusted annually in accordance with K.S.A. 10-627.

5.1.3. With regard to abandoned property, the Treasurer:

* + - * Received abandoned property and verified the accompanying report in accordance with K.S.A. 58-3950.
      * Advertised the unclaimed property in accordance with K.S.A. 58-3951.
      * Sold abandoned property in accordance with K.S.A. 58-3955.
      * Deposited all funds received under the act in the general fund in accordance with K.S.A. 58-3956.
      * Settled claims in accordance with K.S.A. 58-3957.
      * Settled claims in accordance with K.S.A. 58-3957. Destroyed or disposed of property that had insubstantial commercial value in accordance with K.S.A. 58‑3961.
      * Expended funds from the unclaimed property claims fund, the unclaimed property expense fund, and the unclaimed mineral proceeds trust fund in accordance with K.S.A. 58-3978.
      * Reconciled the balance of unclaimed property to SMART.

5.1.4. With regard to the Kansas Postsecondary Education Savings Program, the Treasurer:

* + - * Evaluated the program annually and made a report to the governor and legislature as required by K.S.A. 75-644(b)(11).
      * Included in the management contract all the required items and received the results of annual audits of the program manager in accordance with K.S.A. 75‑645(e).
      * Conducted a biennial examination of the program managers if the program managers are not subject to periodic examinations by the state bank commissioner, the FDIC or other similar entity as require by K.S.A. 75-645(g).
      * Credited all monies received for the program to the Kansas postsecondary education savings program trust fund in accordance with K.S.A. 75-648(a)(2).
      * Paid all expenses of developing and administering the program from the Kansas postsecondary education savings expense fund in accordance with K.S.A. 75‑648(b)(2).

5.1.5. With regard to the Kansas Investments Developing Scholars (KIDS) matching grant program, the Treasurer:

* + - * Approved no more applicants as provided for in K.S.A. 75-650(e).
      * Certified the amount of money necessary to meet the matching obligations to be transferred from the State General fund to the program fund in accordance with K.S.A. 75-650(g).
      * Ensured that withdrawals of matching funds were used for qualified withdrawals in accordance with K.S.A. 75-650(h).

5.1.6. With regard to cash, the Treasurer:

* + - * Deposited all state moneys and credits received daily as required by K.S.A. 75‑4202.
      * Prepared daily deposits in accordance with K.S.A. 75-4203.
      * Had written agreements with the depository bank and the board, approved by the board of directors of the depository bank, and reflected in the minutes of the board of directors as required by K.S.A 75-4217.
      * Collateralized moneys in state bank accounts as required by K.S.A. 75-4218.

5.1.7. With regard to the Agricultural Production Loan Deposit Program, the Treasurer:

* + - * Submitted an annual report to the governor and legislature as required by K.S.A. 75-4270(b).
      * Stayed within the limits as required by K.S.A. 75-4271 (c).
      * Received the approved agricultural production loan deposit packages as required by K.S.A. 75-4271(f).
      * Certified to the director of investments the amounts required for the agricultural production deposit loan packages and enter into the agricultural production loan deposit agreements with eligible lending institutions in accordance with K.S.A. 75-4272(b) and (c).
      * Received a certificate of compliance from the eligible lending institutions in accordance with K.S.A. 75-4273(a).

5.1.8. With regard to the Kansas Housing Loan Deposit Program, the Treasurer:

* + - * Submitted an annual report to the governor and legislature as required by K.S.A. 75-4278(b).
      * Stayed within the limits as required by K.S.A. 75-4279 (c).
      * Received the approved housing loan deposit packages as required by K.S.A. 75-4279(f).
      * Certified to the director of investments the amounts required for the housing deposit loan packages and entered into the housing loan deposit agreements with eligible lending institutions in accordance with K.S.A. 75-4280(b) and (c).
      * Received a certificate of compliance from the eligible lending institutions in accordance with K.S.A. 75-4281(a).

5.1.9. The Treasurer deposited the entire amount in the state treasury and distributed the following local taxes and state aid monies to local government units in accordance with calculations by other state offices and agencies

* + - * Local alcoholic liquor taxes in accordance with K.S.A. 79-41a04.
      * Rental motor vehicle excise taxes in accordance with K.S.A. 79-5117.
      * Transient guest taxes in accordance with K.S.A. 12-1698(c).
      * Local retail sales and compensating use taxes in accordance with K.S.A. 12‑189.

5.1.10. The Treasurer distributed the following selected taxes and state aid monies to local government units in accordance with the indicated K.S.A.:

* + - * Local ad valorem tax reductions – in accordance with K.S.A. 79-2959.
      * County and city revenue sharing – in accordance with K.S.A. 79-2964.
      * Special city and county highway distributions – in accordance with K.S.A. 79‑34, 142.
      * Highway equalization distributions – in accordance with K.S.A. 79-3425c.

5.1.11. With regard to the City utility low-interest loan program, the Treasurer:

* + - * Submitted an annual report to the governor and legislature as required by K.S.A. 75-4299(c).
      * All moneys received by the state treasurer from cities for payment of loans were deposited in the state treasury and credited to the pooled money investment portfolio in accordance with K.S.A. 75-42,101(d).

5.1.12. With regard to the Kansas extraordinary utility costs loan deposit program, the Treasurer:

* + - * Submitted an annual report to the governor and legislature as required by K.S.A. 75-4285(c).
      * Stayed within the limits as required by K.S.A. 75-4285(a)(3).
      * Received the approved extraordinary utility costs loan deposit packages as required by K.S.A. 75-4286.
      * Certified to the director of investments the amounts required for the extraordinary utility costs deposit loan packages and enter into the extraordinary utility costs loan deposit agreements with eligible lending institutions in accordance with K.S.A. 75-4287(b) and (c).
      * Received a certificate of compliance from the eligible lending institutions in accordance with K.S.A. 75-4288.

5.1.13. With regard to the Kansas economic recovery loan deposit program, the Treasurer:

* + - * Submitted an annual report to the governor and legislature as required by K.S.A. 75-4292(c).
      * Stayed within the limits as required by K.S.A. 75-4292(a)(3).
      * Received the approved extraordinary utility costs loan deposit packages as required by K.S.A. 75-4293.
      * Certified to the director of investments the amounts required for the extraordinary utility costs deposit loan packages and enter into the extraordinary utility costs loan deposit agreements with eligible lending institutions in accordance with K.S.A. 75-4294(b) and (c).
      * Received a certificate of compliance from the eligible lending institutions in accordance with K.S.A. 75-4295.

**5.2. Pooled Money Investment Board Management Assertions**

5.2.1. With regard to investments, the Director of Investments:

* + - * Calculated the investment rate, as defined in subsection (g) of K.S.A. 1997 Supp. 12-1675a, on Monday of each week and published such rate that week in the Kansas register in accordance with K.S.A. 75-4210.
      * Provided monthly performance summary reports to the Pooled Money Investment Board using the S & P Rated GIP Invest/General Purpose Taxable and an index comprised of fifty percent (50%) Federal Agency Discount Notes and fifty percent (50%) “high-grade” Commercial Paper as the current benchmark as required by part IV of the PMIB Investment Policy.

5.2.2. With regard to investments, the Pooled Money Investment Board:

* + - * Established investment policies and reviewed these policies annually in accordance with K.S.A. 75-4232.
      * Established the market rate and awarded the investment account to the requesting bank at the established market rate per the provisions of K.S.A. 75‑4237.
      * Followed their policies for safety and liquidity as stated in parts IIIA and IIIB of the PMIB Investment Policy.

5.2.3. With regard to expanded investment authority, the Pooled Money Investment Board:

* + - * Granted expanded investment authority to governing bodies in accordance with K.S.A. 1677b (b).
      * Followed their approval process in reviewing and approving or denying expanded investment authority to governing bodies.
      * Re-authorized the expanded investment authority in accordance with K.S.A. 1677b (c).
      * Followed their annual review process in re-authorizing expanded investment authority to governing bodies.