



Request for Proposals

For

Financial and Draw Auditing and Related Services

For the

Minnesota Lottery

Date: August 14, 2019
REVISED September 4, 2019

Minnesota's Commitment to Diversity and Inclusion

The State of Minnesota is committed to diversity and inclusion in its public procurement process. The goal is to ensure that those providing goods and services to the State are representative of our Minnesota communities and include businesses owned by minorities, women, veterans, and those with substantial physical disabilities. Creating broader opportunities for historically under-represented groups provides for additional options and greater competition in the marketplace, creates stronger relationships and engagement within our communities, and fosters economic development and equality.

To further this commitment, the Department of Administration operates a program for Minnesota-based small businesses owned by minorities, women, veterans, and those with substantial physical disabilities. For additional information on this program, or to determine eligibility, please call 651-296-2600 or go to www.mmd.admin.state.mn.us/mn02001.htm.

Table of Contents

1. Introductory Letter to Prospective Partners	3
2. Lottery Background Information	4
3. Information Regarding This Request for Proposals	6
3.1. Proposal Instructions and Contents.....	6
3.2. Schedule	7
3.3. Written Statements of Qualifications Content	7
3.4. Evaluation	8
3.5. Proposed Contract.....	9
3.6. Term.....	10
3.7. General Requirements.....	10
4. Written Statement of Qualifications	16
4.1. Firm Philosophy, Strengths, and Capabilities.....	16
4.2. Relevant Experience	17
4.3. Financial Audit Technical Capabilities.....	17
4.4. Drawing Audit Technical Capabilities.....	19
4.5 Staffing Proposal and Key Biographies.....	20
4.6 Corporate Information	20
5. Pricing	22

Appendix A – Required Forms

Certification Regarding Lobbying

Affirmative Action Certification

Equal Pay Certificate

Affidavit of Noncollusion

Veteran-Owned Preference Form

Resident Firm Form

Appendix B – Contract

Appendix C – Lottery Organizational Chart

1. Introductory Letter to Prospective Partners

Dear Prospective Partners,

The entire Minnesota Lottery team is pleased to announce the following Request for Proposal. The Minnesota Lottery prides itself on offering fun, innovative, and secure games and drawings. We are excited to see what the financial services industry has to offer and the potential of developing a new partnership.

This RFP is designed to allow you, the experts, to showcase your capabilities.

We encourage you to review this RFP and determine if our needs are a fit for your Firm. In accordance with the RFP, please direct any questions to Pam Mogensen, Purchasing Manager, at pam.mogensen@mnlottery.com.

We look forward to your response.

Adam Prock
Executive Director
Minnesota Lottery

2. Lottery Background Information

The Minnesota State Lottery (the “Lottery”), in operation since 1990, has a mission of offering “fun, innovative and secure games that provide responsible and ethical entertainment.” Twenty-five percent of Lottery sales are contributed to the State of Minnesota each year, representing a major source of funding for the State and for important environmental causes as detailed on www.mnlottery.com/about-the-lottery.

To continue this funding for state programs, the Lottery needs to ensure player and governmental confidence is upheld with integrity, transparency, and accuracy in its accounting and drawing practices.

Key Lottery Challenges

To ensure that player and governmental confidence is maintained in the integrity of the Lottery, the Lottery is issuing this Request For Proposals (RFP) to invite interested Firms to submit Proposals for financial and draw auditing and related services for the Lottery.

This RFP is divided in two parts: financial auditing (and related services) and draw auditing (and related services). The Lottery encourages interested Firms to submit proposals covering one or both parts. The Lottery may select one Firm for both parts, or two Firms.

First, this RFP seeks Proposals from interested Firms in order to obtain financial auditing and related services to conduct an annual audit of the Lottery’s financial statements and provide technical advice and assistance related to internal controls of the Lottery accounting system.

Second, this RFP seeks Proposals from interested Firms in order to obtain draw auditing and related services. This includes, but is not limited to, providing either a certified public account or a licensed public accountant to attend all preliminary, final, and post draw functions conducted by the Lottery each day (365/366 days per year) to certify the authenticity of the drawing.

The contract or contracts for services that will result from this RFP will be for a two-year period from approximately November 1, 2019 through October 31, 2021 (audit of Fiscal Years 2020 and 2021), with options for three (3) additional, one-year extensions.

Key Qualifications

The ideal Firm must have at least 25 certified public accountants or licensed public accountants, with significant experience auditing public entity financial records and/or supervising and certifying business activities. Specific minimum qualifications are outlined below.

General Lottery Games Information

There are two (2) types of Lottery games: lotto games and scratch games. Additionally, the Lottery conducts Second Chance and promotional drawings.

The Lottery currently offers nine (9) lotto games. Gopher 5®, Daily 3®, and Northstar Cash® games are conducted solely by the Minnesota Lottery using a random number generator, whereas

Powerball®, Mega Millions®, Lucky for Life®, and Lotto America® are conducted in conjunction with and by the Multi-State Lottery Association (MUSL). Progressive Print-N-Play® uses the Lottery central gaming system vendor’s random number generator. The Lottery also offers the Minnesota Millionaire Raffle game for a limited time each year.

A table providing the Lottery draw schedule, and the expectations of its auditor, is below:

Game	Approximate Draw Time (CST)	Expected Auditor Arrival Time (CST)	Approximate Auditor Departure Time (CST)
Gopher 5®	6:17 pm	5:30 pm	6:30 pm
Daily 3®	6:17 pm	5:30 pm	6:30 pm
Northstar Cash®	6:17 pm	5:30 pm	6:30 pm

3. Information Regarding This Request for Proposals

The Lottery is committed to a fair and open process to provide the best value for the Lottery and its good causes. Value is a combination of the best services at the best possible price as described below. This section provides the rules for this process. Please review this section closely.

3.1. Proposal Instructions and Contents

All proposals must be sent to and received by:

Pam Mogensen
Minnesota State Lottery
2645 Long Lake Road
Roseville, MN 55113

Not later than 2:00 p.m. (Central) on August 30, 2019.

Late proposals will not be accepted. Firms must submit one (1) original and five (5) copies of their written statement of qualifications. Firms must submit one (1) original and one (1) copy of their price proposal. Proposals are to be sealed in mailing envelopes or packages with the name and address clearly written on the outside. An authorized member of the Firm must sign the original written and price proposal in ink. **Firms must clearly mark in their written statement of qualifications and price proposals whether they are interested in the financial audit, the draw audit services, or both. Price proposals must be separately sealed and signed.** *No price information shall appear in any portion of the response to the RFP.*

3.1.1. Sole Point of Contact and Written Questions

The Lottery is the sole point of contact regarding all procurement and contractual matters relating to the services described herein. Once issued, the Lottery is the only office authorized to clarify, modify, amend, alter or withdraw specifications, terms, and conditions of this RFP and any contract awarded as a result of this RFP. All communications concerning this RFP must be addressed to:

Pam Mogensen
Contracts and Purchasing Manager
Minnesota State Lottery
2645 Long Lake Road
Roseville, MN 55113
E-mail: pam.mogensen@mnlottery.com

Firms are encouraged to submit written questions. **Initial written questions must be received by the Lottery no later than 2:00 p.m. (Central) on August 19, 2019.** Telephone inquiries will not be answered, although questions may be mailed or emailed.

On or before August 21, 2019, the Lottery will issue official answers to questions submitted. The answers to all questions will be posted on mnlottery.com/Firms. Answers that materially impact the requirements of the RFP will be considered as amendments to the RFP and Firms will be so notified. No other modification of the requirements of the RFP, except by the issuance of amendments, will be recognized.

3.2. Schedule

This RFP process will proceed as follows:

First, Firms will submit written statements outlining their qualifications in the areas outlined below. Firms will also submit a proposed price for financial and draw audit services. These written qualifications will be preliminarily scored by the review committee. The Lottery General Counsel (who is not a member of the evaluation committee) will open and score the price proposals. Based on price and the preliminary scores, the review committee will designate between two (2) and four (4) bidders as finalists.

Second, the designated finalists may be invited to present their auditing capabilities in an in-person presentation at Lottery Headquarters in Roseville, Minnesota. The Lottery may elect to skip the finalist stage.

After the technical evaluation, the review committee will score the proposals and designate an apparent successful bidder.

The time and critical dates for awarding a contract under this RFP are as follows:

Event	Date
RFP Issued	August 14, 2019
Deadline for Written Questions	August 19, 2019 at 2:00 p.m. CST
Answers to Questions Posted.....	On or before August 21, 2019
Written Proposals Due	August 30, 2019 at 2:00 p.m. CST
Notification of Finalists	Sept. 13, 2019 by 2:00 p.m. CST
Presentations	October 1–4, 2019
Apparent Winning Proposal Designated.....	No later than October 10, 2019

These dates are for informational and planning purposes and may change during the course of the procurement process at the discretion of the Director of the Lottery. Potential bidders will be informed of any material change.

3.3. Written Statements of Qualifications Content

Written statements of qualifications should include all the information requested in Section 4. **Regardless of whether the Proposal responds to financial audit, the draw audit services, or both, written statements of qualifications must be no more than 50 single-sided or 25 double-sided pages with reasonable formatting.** The required forms found in Appendix A (and

described in Section 3.7.1), any exceptions to the proposed contract, financial statements, and other required documents should be attached to the written proposal and do not count toward the page limit.

Price proposals should include all the information requested in Section 5. Price proposals should be in the format found in Section 5.

3.4. Evaluation

All responses received by the deadline will be evaluated by a review committee comprised of representatives of the Lottery. Responses will first be reviewed for responsiveness to determine if the pass/fail requirements have been met. Proposals that fail to meet minimum requirements will not advance to the next phase of the evaluation. The Lottery may evaluate the financial audit and draw audit services separately.

A 100-point scale will be used to determine the apparent successful Firm or Firms:

Qualifications Criteria	Maximum Points
Firm Philosophy, Strengths, and Capabilities.....	25
Relevant Firm Experience.....	15
Technical Capabilities.....	20
Staffing and Biographies.....	20
Price	20

The evaluation committee may name between two (2) and four (4) finalists based on a preliminary review of the written proposals. The Lottery may name additional finalists after the initial finalists are named.

The Firm with highest score will be recommended by the evaluation committee as the apparent successful bidder.

3.4.1. Pass/Fail Criteria

The following will be considered on a pass/fail basis for the first round of written statements of qualifications:

- 1. Written statements must be received on or before the due date and time specified in this solicitation.
- 2. Firm staff must have at least 25 certified public accountants or licensed public accountants located in the Minneapolis–St. Paul metropolitan area.
- 3. Firm must have \$1,000,000 or more in Professional Services Billing in its last fiscal year, as evidenced by its financial statements.

4. Firm must have one or more current government clients willing to serve as a reference.
5. The written statement must not exceed fifty (50) pages with reasonable formatting.

If all pass/fail requirements are met, written proposals will be evaluated by the review committee on a 100-point scale as outlined above.

3.4.2. Pricing

Cost proposals of bidding Firms will be scored independently. The review committee will not consider cost proposal scores. The lowest-priced bidder will be awarded maximum points, and more expensive proposals will be scaled to the lowest-price finalist. Certified Targeted Group Businesses should indicate their status as part of the Price Proposal.

3.4.3. Negotiation and Recommendation

After review and approval of the recommendation of the evaluation committee by the Lottery Director, the Lottery will begin to negotiate a contract or contracts with the Firm or Firms that has/have been recommended by the evaluation committee. Contract negotiations will not address changes to material terms and conditions, services, products, options or pricing for performance of the contract unless for the clear benefit of the Lottery. The Firm will be held to the terms submitted in their Proposal but may be required to reduce costs depending upon aspects of the proposed program that may be determined by the Lottery to be unnecessary or not cost effective.

First consideration will be given to the Firm with the highest points in the final round. If the contract negotiations are unsuccessful, the Firm with the next highest number of points will be selected for consideration.

The final award decision will be made by the Lottery Director. The Lottery Director may accept or reject the recommendation of the evaluation committee.

3.5 Proposed Contract

Please be aware of the Lottery standard contract terms and conditions in preparing your response. A sample is attached for your reference as Appendix B.

Much of the language reflected in the contract is required by Minnesota statute. If you take exception to any of the terms, conditions, or language in the contract, you must indicate those exceptions in your response to the RFP; certain exceptions may result in your proposal being disqualified from further review and evaluation. Only those exceptions indicated in your response to the RFP will be available for discussion or negotiation.

3.6. Term

The term of this contract is anticipated to run from November 1, 2019, to October 31, 2021, with the option for the Lottery to extend the contract to three (3) additional one-year extensions.

3.7. General Requirements

The following general requirements and rules apply to this RFP.

Proposal Contents

By submission of a proposal, the Firm warrants that the information provided is true, correct, and reliable for purposes of evaluation for potential contract award. The submission of inaccurate or misleading information may be grounds for disqualification from the award as well as subject the Firm to suspension or debarment proceedings as well as other remedies available by law.

Background Investigations during the Contract Term

The Firm must allow authorized personnel designated by the Lottery to interview any employee or employee of a subcontractor or authorized agent related to the contract in conjunction with any audit, review, or investigation deemed necessary by the Lottery. The Lottery or authorized personnel may conduct a background investigation of the Successful Firm, all of its principals, and each individual assigned to the project pursuant to Minn. Stat. § 349A.07, subd. 2. The Lottery has the right to also conduct a background investigation of any subcontractor that will conduct an information system audit or a security assessment audit under the contract.

Rejection/Selection of Proposals

The acceptance of a proposal submission will not diminish the Lottery's right to negotiate specific contract terms, including price, with the apparent successful Firm. This request for proposal does not obligate the state to award a contract or complete the project, and the state reserves the right to cancel the solicitation if it is considered to be in its best interest. The Lottery reserves the right to:

- Reject any or all proposals received in response to the RFP if the Lottery determines that it is in the best interests of the Lottery to do so.
- Reject any proposal which is conditional or incomplete.
- Advertise for new proposals.
- Abandon the solicitation of such requested products and/or services.
- Award in whole or in part a contract deemed to be in the best interests of the Lottery.

The Lottery will notify in writing and/or via email, those Firms who submit a proposal in response to the RFP, but who are not awarded a contract (the unsuccessful Firms).

Disposition of Responses

All materials submitted in response to this RFP will become property of the State of Minnesota and will become public record in accordance with Minn. Stat. § 13.591, after the evaluation process is completed. Pursuant to the statute, completion of the evaluation process occurs when the government entity has completed negotiating the contract with the selected Firm. If the Firm

submits information in response to this RFP that it believes to be trade secret materials, as defined by the Minnesota Government Data Practices Act, Minn. Stat. § 13.37, the Firm must:

- clearly mark all trade secret materials in its response at the time the response is submitted,
- include a statement with its response justifying the trade secret designation for each item, and
- defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless the State of Minnesota, its agents and employees, from any judgments or damages awarded against the State in favor of the party requesting the materials, and any and all costs connected with that defense. This indemnification survives the State's award of a contract. In submitting a response to this RFP, the Firm agrees that this indemnification survives as long as the trade secret materials are in possession of the State.

The State will not consider the prices submitted by any Firm to be proprietary or trade secret materials.

Contingency Fees Prohibited

Pursuant to Minn. Stat. § 10A.06, no person may act as or employ a lobbyist for compensation that is dependent upon the result or outcome of any legislation or administrative action.

Best and Final Offers

The Lottery reserves the right to request best and final offers by the Firms. The Lottery reserves the right to select the number of Firms for the best and final offer. The evaluation scores may be revised as a result of the best and final offer.

Organizational Conflicts of Interest

The Firm warrants that, to the best of its knowledge and belief, and except as otherwise disclosed, there are no relevant facts or circumstances which could give rise to organizational conflicts of interest. An organizational conflict of interest exists when, because of existing or planned activities or because of relationships with other persons, a Firm is unable or potentially unable to render impartial assistance or advice to the State, or the Firm's objectivity in performing the contract work is or might be otherwise impaired, or the Firm has an unfair competitive advantage. The Firm agrees that, if after award, an organizational conflict of interest is discovered, an immediate and full disclosure in writing will be made to the Assistant Director of the Department of Administration's Materials Management Division ("MMD") which will include a description of the action which the Firm has taken or proposes to take to avoid or mitigate such conflicts. If an organization conflict of interest is determined to exist, the State may, at its discretion, cancel the contract. In the event the Firm was aware of an organizational conflict of interest prior to the award of the contract and did not disclose the conflict to MMD, the State may terminate the contract for default. The provisions of this clause must be included in all subcontracts for work to be performed similar to the service provided by the prime Firm, and the terms "contract," "Firm," and "contracting officer" modified appropriately to preserve the State's rights.

Preference to Targeted Groups and Economically Disadvantaged Businesses and Individuals

In accordance with Minn. R.1230.1810, subpart B and Minn. R. 1230.1830, certified Targeted Group Businesses and individuals and certified Economically Disadvantaged Businesses and individuals submitting proposals as prime contractors will receive a six percent (6%) preference in the evaluation of their proposal. Eligible TG businesses must be currently certified by the Materials Management Division prior to the solicitation opening date and time. For information regarding certification, call the Materials Management Helpline at 651.296.2600, or email mmdhelp.line@state.mn.us. For TTY/TDD communications, contact the Helpline through the Minnesota Relay Services at 1.800.627.3529. Certified Targeted Group Businesses should indicate their status as part of the Price Proposal.

Firm Contact with the Lottery

Upon RFP publication, the restrictions on Firm communications described in this section are instituted to protect the integrity of the procurement process. A Firm and its agents may not make unsolicited contact with any Lottery personnel or public official of the State regarding the RFP. A Firm should not represent themselves to Lottery staff or Lottery Retailers as having the endorsement of the Lottery. A Firm who is currently doing business with the Lottery may continue to do so; however, any communication regarding the RFP, not otherwise permitted in the RFP, is prohibited. The Lottery will disqualify a Firm for intentionally causing a material violation or circumvention of the requirements of this section.

Incurred Costs Associated with the Proposal Submission

Neither the Lottery nor the State will be liable for any of the Firm's costs associated with submission of a proposal in response to this RFP.

Change of Ownership/Financial Condition

If a Firm (including the parent or holding Firm of the Firm) experiences a material change in its ownership or financial condition after its Proposal has been submitted and prior to the execution of a contract with the successful Firm, the Firm (or its parent or holding Firm) must notify the Lottery's Contracts & Purchasing Manager (Pam Mogensen, Pam.Mogensen@mnlottery.com) in writing at the time the change occurs or is identified by the Firm.

News Releases and Advertising

News releases pertaining to this RFP or the services, study, data, or project to which it relates cannot be made subject to Minn. Stat. § 13. By submitting a proposal, the Firm agrees not to use the Lottery name, logos, images, or any other data or information related to this procurement process, or the contract resulting thereof, as a part of any press releases or commercial advertising without prior written approval by the Lottery. The results of the RFP process must not be released by any Firm and will only be made by the Lottery following successful completion of contract negotiations with the successful Firm.

Debriefing

An unsuccessful Firm will be given the opportunity for a debriefing with the Lottery. The Contracts & Purchasing Manager will schedule any debriefing after the contract has been

executed with the successful Firm. The debriefing may be held as a personal meeting or as a phone conference according to the preference of the respective unsuccessful Firm.

Insurance Requirements

Firm will not commence work under the contract until they have obtained all the insurance described below and the State of Minnesota has approved such insurance. Firm will maintain such insurance in force and effect throughout the term of the contract. Firm is required to maintain and furnish satisfactory evidence of the following insurance policies:

1. **Workers' Compensation Insurance:** Except as provided below, Firm must provide workers' compensation insurance for all its employees and, in case any work is subcontracted, Firm will require the subcontractor to provide workers' compensation insurance in accordance with the statutory requirements of the State of Minnesota, including Coverage B, Employer's Liability. Insurance **minimum** limits are as follows:

- \$100,000 – Bodily Injury by Disease per employee
- \$500,000 – Bodily Injury by Disease aggregate
- \$100,000 – Bodily Injury by Accident

If Minn. Stat. § 176.041 exempts Firm from workers' compensation insurance or if the Firm has no employees in the State of Minnesota, Firm must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Firm from the Minnesota workers' compensation requirements.

If during the course of the contract the Firm becomes eligible for workers' compensation, the Firm must comply with the workers' compensation insurance requirements herein and provide the State of Minnesota with a certificate of insurance.

2. **Commercial General Liability Insurance:** Firm is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the contract whether the operations are by the Firm or by a subcontractor or by anyone directly or indirectly employed by the Firm under the contract. Insurance **minimum** limits are as follows:

- \$2,000,000 – per occurrence
- \$2,000,000 – annual aggregate
- \$2,000,000 – annual aggregate – Products/Completed Operations

The following coverages must be included:

- Premises and Operations Bodily Injury and Property Damage
- Personal and Advertising Injury
- Blanket Contractual Liability
- Products and Completed Operations Liability
- State of Minnesota named as an Additional Insured, to the extent permitted by law

3. **Commercial Automobile Liability Insurance:** Firm is required to maintain insurance protecting it from claims for damages for bodily injury as well as from claims for property damage resulting from the ownership, operation, maintenance or use of all owned, hired, and non-owned autos which may arise from operations under this contract, and in case any work is subcontracted the contractor will require the subcontractor to maintain commercial automobile liability insurance. Insurance **minimum** limits are as follows:

\$2,000,000 – per occurrence Combined Single Limit for Bodily Injury and Property Damage

In addition, the following coverages should be included:

Owned, Hired, and Non-owned Automobile

4. **Professional/Technical, Errors and Omissions, and/or Miscellaneous Liability Insurance**

This policy will provide coverage for all claims the Firm may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Firm's professional services required under the contract.

Firm is required to carry the following **minimum** limits:

\$2,000,000 – per claim or event

\$2,000,000 – annual aggregate

Any deductible will be the sole responsibility of the Firm and may not exceed \$50,000 without the written approval of the State. If the Firm desires authority from the State to have a deductible in a higher amount, the Firm must request so in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that the State can ascertain the ability of the Firm to cover the deductible from its own resources.

The retroactive or prior-acts date of such coverage will not be after the effective date of this contract and Firm will maintain such insurance for a period of at least three (3) years following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by the Firm to fulfill this requirement.

Additional Insurance Conditions:

- Firm's policy/policies must be primary insurance to any other valid and collectible insurance available to the State of Minnesota with respect to any claim arising out of the Firm's performance under this contract;

- If the Firm receives a cancellation notice from an insurance carrier affording coverage herein, Firm agrees to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Firm’s policy/policies contain a provision that coverage afforded under the policy/policies will not be cancelled without at least thirty (30) days advance written notice to the State of Minnesota;
- Firm is responsible for payment of contract-related insurance premiums and deductibles;
- If Firm is self-insured, a certificate of self-insurance must be attached;
- Firm’s policy/policies must include legal defense fees in addition to its liability policy limits;
- Firm must obtain insurance policy/policies from insurance Firm(es) having an “AM BEST” rating of A– (minus); financial size category (FSC) VII or better, and authorized to do business in the State of Minnesota; and
- An umbrella or excess liability insurance policy may be used to supplement the Firm’s policy limits to satisfy the full policy limits required by the contract.

The State reserves the right to immediately terminate the contract if the Firm is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the Firm. All insurance policies must be open to inspection by the State, and copies of policies must be submitted to the State’s authorized representative upon written request.

The successful Firm is required to submit certificates of insurance acceptable to the State of Minnesota as evidence of insurance coverage requirements prior to commencing work under the contract.

E-Verify Certification (in accordance with Minn. Stat. § 16C.075)

By submission of a proposal for services in excess of \$50,000, the Firm certifies that as of the date of services performed on behalf of the State, the Firm and all its subcontractors will have implemented or be in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the State. In the event of contract award, Firm will be responsible for collecting all subcontractor certifications and may do so utilizing the E-Verify Subcontractor Certification Form available at <http://www.mmd.admin.state.mn.us/doc/EverifySubCertForm.doc>. All subcontractor certifications must be kept on file with the Firm and made available to the State upon request.

3.7.1. Required Forms

Each Firm must submit the following required forms with their written proposal.

Certification Regarding Lobbying

Each Firm must complete the attached Certification Regarding Lobbying and include it with the response. The certification should be attached to the written proposal.

Affirmative Action Certification

For all responses estimated to be in excess of \$100,000, responders are required to complete the attached Affirmative Action Data page and return it with the response. As required by Minn. R. 5000.3600, “It is hereby agreed between the parties that Minnesota Statute § 363A.36 and Minnesota Rule 5000.3400–5000.3600 are incorporated into any contract between these parties based upon this specification or any modification of it. A copy of Minnesota Statute § 363A.36 and Minnesota Rule 5000.3400–5000.3600 are available upon request from the contracting agency.” The certification should be attached to the written proposal.

Equal Pay Certification

If the response to this solicitation could be in excess of \$500,000, the Firm must obtain an Equal Pay Certificate from the Minnesota Department of Human Rights (MDHR) or claim an exemption prior to contract execution. A Firm is exempt if it has not employed more than 40 full-time employees on any single working day in one state during the previous 12 months. Please contact MDHR with questions at: 651-539-1095 (metro), 1-800-657-3704 (toll free), 711 or 1-800-627-3529 (MN Relay) or at compliance.MDHR@state.mn.us. The certification should be attached to the written proposal.

Affidavit of Noncollusion

Each Firm must complete the attached Affidavit of Noncollusion and include it with the response. The Affidavit should be attached to the written proposal.

Veteran-Owned Preference

In accordance with Minn. Stat. § 16C.16, subd. 6a, (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner must award up to a six percent (6%) preference on state procurement to certified small businesses that are majority-owned and operated by veterans. In accordance with Minn. Stat. § 16C.19 (d), a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74. To receive a preference the veteran-owned small business must meet the statutory requirements above by the solicitation opening date and time. Only eligible veteran-owned small businesses that meet the statutory requirements and provide adequate documentation will be given the preference. If you are claiming the veteran-owned preference, attach documentation, sign and return the Veteran-Owned Preference Form with your written proposal.

4. Written Statement of Qualifications

The Lottery wants to get to know your business offerings. With that in mind, using reasonable formatting, please answer the following questions in 50 pages, at most. Don't feel obligated to use all 50 pages. Please be clear whether you're responding to Section 4.3 (Financial Audit Technical Capabilities), Section 4.4 (Drawing Audit Technical Capabilities), or both. All Firms should respond to Sections 4.1, 4.2, 4.5, and 4.6.

4.1 Firm Philosophy, Strengths, and Capabilities

In section one of your written proposal, please provide the following information about your Firm. Include information regarding any subcontractors.

Provide a brief synopsis of your core business philosophy. How do you approach financial audits and financial advising related to them? How do you typically manage client relationships? What separates your Firm from your competition? Why should the Minnesota Lottery select you?

4.2 Relevant Experience

In section two of your written proposal, please summarize your relevant experience with financial audits, especially with other public sector organizations. As part of this section, provide contact information for at least three (3) references, with at least one (1) being a government organization.

4.3 Financial Audit Technical Capabilities

In section three of your written proposal, please describe how your Firm will meet the Lottery-required specifications regarding the Financial Audit. The Lottery will determine if your Firm meets the specifications, and more importantly, if your method for meeting these specifications will deliver the best financial audit and financial advising services. The Lottery's requirements are:

- The Firm will perform a financial audit of the Lottery financial statement for the fiscal years that end June 30.
- Each audit will determine, with generally accepted accounting principles, whether the Lottery's financial statements present fairly the financial position and business practices of the Lottery for the fiscal year being audited.
- The audits will also determine whether expenditures by the Lottery were made in accordance with Minnesota rules and regulations and the business practices of the Lottery. The Lottery will provide the Firm with copies of relevant laws and rules and other information that the Lottery identifies as applicable.
- The Firm will identify other financial matters related to the operation of the Lottery that come to their attention that, while not material to the financial statements, should be brought to the attention of the Lottery for consideration.
- Each audit will evaluate Lottery internal financial controls to the extent required by generally accepted government auditing standards. The purpose of the evaluation is for the Firm to gain sufficient understanding of Lottery internal controls to plan the audit and determine the nature, timing, and extent of tests necessary. The Firm will issue a report on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.
- At the conclusion of the audit, the Firm will provide the Lottery Director with a management letter, a report on the internal financial controls of the Lottery, and other required communications, including a report on Lottery information security.

- The Firm will review the comprehensive annual financial report (CAFR) and provide comments before the Lottery submits the financial audit to the Government Finance Officers Association (GFOA).
- In conducting the audit, the Firm will
 - Conduct an audit fraud meeting with the Director before beginning work to review the Director’s concerns, if any.
 - Meet with Lottery staff and discuss the audit plan to review tasks and techniques to be employed
 - Assign the audit to a senior manager who is a certified public accountant.
 - Rotate the assignment every two (2) years if the contract is extended.
 - Assign the lead field auditor role to a certified public accountant.
 - Complete substantial testing of financial data and a detailed analysis of the review to support the audit (testing includes the Lottery information system configuration).
- The auditor’s opinion letter must include any findings and recommendations, including the nature of any problem and its significance and the appropriate recommendations addressing those findings.
- The Lottery will collate financial statements for the Firm’s review. The Firm will include adjustments discovered and made during the audit period as well as disclosures and explanations included in footnotes to the financial statements.
- The management letter must address both administrative and accounting controls with emphasis on whether the Lottery is operating in accordance within generally accepted accounting principles (GAAP).
- The Firm must submit a draft report within seventy-five (75) days of the close of the fiscal year. The Firm must discuss the draft with the Lottery, and after this discussion, must issue a final report no later than ninety (90) days after of the end of the fiscal year.
- The Firm must deliver ten (10) copies of the final audit report to the Director no later than ninety (90) calendar days following the end of the fiscal year.
- The Firm must make audit work papers available, if requested, to authorized representatives of the State including, but not limited to, employees of the Office of the Legislative Auditor.
- The Firm will provide technical advice and assistance and specific management and accounting advice and answers to questions on an ongoing basis, including occasional consulting via telephone during the year when not out on fieldwork, relating to compliance with professional standards and IRS regulations or implementation of any proposed recommendation specified in the audit report.
- The Firm agrees it will be knowledgeable of the most current professional standards (e.g., FASB, GASB, GAAP) and government regulations (e.g., those issued by the IRS) and

provide the Lottery with periodic updates and information regarding changes in the standards that could affect Lottery business operations and financial records.

SPECIAL RELATED PROJECTS

The Firm will conduct special projects relating to Lottery financial or information systems at the request of the Lottery. Special projects will not begin without an engagement letter from the Lottery. The engagement letter will detail the scope of the work to be performed along with the agreed-on rate to be paid to the Firm upon satisfactory completion of the work.

4.4 Drawing Audit Technical Capabilities

In section four of your written proposal, please describe how your Firm will meet Lottery required specifications regarding the drawing audit. The Lottery will determine if your Firm meets the specifications, and more importantly, if your method for meeting these specifications will deliver the best drawing audit and related services. The Lottery requirements are:

- The Firm will have an auditor who is either a certified public account or a licensed public accountant attend all preliminary, final, and post lotto game draw functions conducted by the Lottery each day and certify the authenticity of the drawing.
- The Firm agrees that the auditor will arrive each day at Lottery headquarters, where the drawing will be conducted, at least 45 minutes prior to the drawing. The Lottery agrees that the Firm's duties will normally be concluded within ten (10) minutes after the drawing.
- The Firm agrees that the auditor will arrive at Lottery Headquarters at least thirty (30) minutes before the drawing for the Minnesota Millionaire Raffle® Lotto Game. The Minnesota Millionaire Raffle® draw date is to be determined based on the ticket sell-out date. The draw has typically taken place on or before January 1. The time required to complete the Minnesota Millionaire Raffle® Lotto Game draw is unknown because a new procedure will be inaugurated with the 2020 Minnesota Millionaire Raffle® that begins October 22, 2019.
- The auditor assigned by the Firm to each drawing will ensure compliance with established Lottery procedures for the drawing.
- The auditor will be required to complete a drawing certification form, provided by the Lottery, after each Lottery drawing.
- The Firm will ensure that the auditor assigned to each drawing will be familiar with Lottery procedures and the tasks for which the auditor is assigned.
- The Firm will have a standby auditor available until such time as the primary auditor has reached Lottery Headquarters or the drawing site.
- The Firm agrees to rotate auditors that perform the drawing audits on a periodic basis, preferably weekly.
- The Firm agrees to verbally report any material/serious discrepancies or occurrences to the Director (or the Lottery Director of Operations or the Lottery Chief of Security) as soon as is practicable after the drawing. The Firm agrees to prepare a report for the

Director, the Lottery Director of Operations, and the Lottery Chief of Security, outlining any irregularity identified during a drawing. This could include any questionable procedures or other suspicious occurrences that could affect the results of the drawing.

- The Firm agrees to provide advice and feedback on Lottery draw procedures to ensure that all Lottery draws are conducted to the highest possible integrity standard.
- The Firm agrees to review and comment on any changes in Lottery drawing procedures or any additional procedures due to a new game launch.
- The Firm may be required to audit additional new lotto games that may be introduced by the Lottery.
- In an emergency or as part of emergency drills, lotto drawings will be conducted at the Lottery back-up facility in Owatonna, Minnesota, and the Firm will ensure an auditor is present at the Lottery back-up facility.

SPECIAL RELATED PROJECTS

The Firm will conduct special projects relating to Lottery drawings at the request of the Lottery. Special projects will not begin without an engagement letter from the Lottery. The engagement letter will detail the scope of the work to be performed along with the agreed-on rate to be paid to the Firm upon satisfactory completion of the work.

4.5 Staffing Proposal and Key Biographies

In section five of your written proposal, please provide a list and biographies of key staff who will work on the financial audit and otherwise work on the Lottery account. Include relevant experiences and expertise.

4.6 Corporate Information

Provide the following general information for your Firm and all proposed subcontractors or partners. If any of the following information cannot be provided, please give justification.

- The name and address of the Firm submitting the proposal.
- Type of business entity (e.g. limited liability corporation, partnership, etc.).
- Place of incorporation or legal address where other form of organization is domiciled.
- The name, addresses, telephone number, and email address of the Firm's primary contact for the purpose of this RFP.
- Name and location of the major offices, if applicable, that relate to the Firm's performance as proposed in its proposal.
- The names, addresses, and functions of any and all subcontractors, associated Firms, or consultants that have been or will be involved in any phase of the project or services being procured in this RFP.
- The name(s) of any and all law firms and/or individuals representing the Firm within the State.

- Any substantial change of ownership in the Firm or the Firm's parent or holding company that occurred since January 1, 2009. Pending changes should be disclosed to the extent permitted by law and by regulatory agencies.
- Copies of audited or reviewed financial statements for its two (2) most recent fiscal years. The Lottery reserves the right to require any additional information necessary to determine the financial integrity.

5. Pricing

Your response to this section must be provided in a clearly labeled separately sealed envelope and may not be referenced in any other portion of this proposal. Please be clear whether you're responding to Section 4.3 (Financial Audit), Section 4.4 (Draw Audit), or both.

Please provide your total project cost for financial audit draw audit during the initial term of the contract. This price must include financial consultation; insurance, and all other associated costs and fees. If you will provide a per year discount for the Lottery selecting your Firm for both services, please include it below.

Please clearly state all assumptions and contingencies.

Service	Per Year		Initial Term		Total Cost
Financial Audit		×	2	-	\$
Draw Audit		×	2	-	\$
<i>Annual Discount for Both Services</i>		×	2	-	(\$)
Grand Total for All Line Items					- \$

Additionally, please provide hourly rates for Special Related Projects.

Role	Hourly Rate during the Initial (2-year) Term
Shareholder	
Senior Manager	
Manager	
Senior Accountant	
Staff Accountant	