



June 28, 2017

**NOTICE TO INTERESTED PARTIES**

**REQUEST FOR STATEMENT OF QUALIFICATIONS  
SOQ No. RM 2017-35 AUDITING SERVICES**

The Office of Hawaiian Affairs (hereinafter “OHA”) is publishing this notice to invited persons engaged in providing Professional Accounting Services to submit current statements of qualifications and expressions of interest for an anticipated audit to be conducted in Fiscal Year 2018.

Pursuant to Hawai‘i Revised Statutes (hereinafter “HRS”), Section 103D-304, additional notices for professional services may be issued if (1) the response to the initial notice is inadequate; (2) the response to the initial notice does not result in adequate representation of available sources; (3) previously unanticipated needs for professional services arise; or (4) rules adopted by the policy board so specify. The OHA has determined the initial notice does not result in adequate representation of available sources resulting in this additional notice SOQ No. 2017-35 Auditing Services.

The Consultant shall conduct an independent audit for the OHA and its limited liability companies (hereinafter “LLCs” for five (5) state fiscal years. The independent audit may include but not be limited to: an examination of financial records, accounts, business transactions, accounting practices, internal controls and compliance, and identification and quantification of any areas of fraud waste, and abuse in procurement and other financial transactions.

Persons interested in being considered for an award shall submit the Statement of Qualifications (hereinafter “SOQ”) regarding required information and complete attachments **no later than Monday, August 21, 2017, 2:00 P.M Hawai‘i Standard Time (hereinafter “HST”)**.

**The SOQ will be accepted at the OHA’s Reception Desk at:**

Office of Hawaiian Affairs  
Attention: Phyllis Ono-Evangelista  
Procurement Unit  
560 North Nimitz Highway, Suite 200  
Honolulu, Hawai‘i 96817

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## **A. BACKGROUND**

The OHA was created under the constitution of the State of Hawai‘i and administers a public trust devoted to the betterment of conditions of Native Hawaiians pursuant to HRS Chapter 10.

The OHA is structured as a public trust governed by a board of nine (9) elected trustees. The Board of Trustees (hereinafter “BOT”) is accountable and responsible for the oversight of the OHA. The OHA’s statutory mandates and mission are implemented through a strategic plan (2010-2018). The beneficiaries of the public trust are the Native Hawaiian people.

The strategic priorities for improving the conditions of Native Hawaiians are in the areas of the: ‘āina, culture, economic self-sufficiency, education, governance, and health. The strategic plan includes an annual reporting of performance indicators, and requires internal controls to be in place to ensure the integrity of the performance indicators as reported in the BOT as strategic plan updates and annual reports.

To advance its mission, the OHA created for legal purposes LLCs. The following are single-member 501(c)(3) non-profit – companies fully owned by the OHA:

- a. Hi‘ilei Aloha LLC
- b. Ho‘okele Pono LLC

Hi‘ilei Aloha LLC is the single-member of the following 501(c)(3) non-profit – companies: Hi‘ipaka LLC, Hi‘ipoi LLC and Hi‘ikualona LLC. Ho‘okele Pono LLC is the single-member of Ho‘okīpaipai LLC, a 501(c)(3) non-profit company.

The OHA’s funding comes primarily from its investment and its real estate portfolio. In addition, the agency also receives a statutorily determined allocation from the State’s public land trust revenues as well as annual general fund appropriations, and federal grant monies. According to its 2016 Annual report, the OHA employs a staff of approximately 170 individuals, and has an annual operating budget of \$49.9 million. The OHA reported total assets of about \$640 million in 2016.

The OHA is currently subject to three (3) different audits pursuant to Board policy:

- a. Annual financial statements audits;
- b. Annual federal funds audit pursuant to the Office of Management and Budget; Circular A-133; and
- c. Performance audit conducted by the State Auditor every four (4) years.

## **B. MINIMUM QUALIFICATIONS**

1. Pursuant to HRS Chapter 103D: General Schedule Series and Position Titles under the GS -0511 Auditing: “includes all positions the duties of which are to advise on, supervise, or perform work consisting of a systematic examination and appraisal of

financial records, financial and management reports, management controls, policies and practices affecting or reflecting the financial condition and operating results of an activity; or analytical work related to the development and execution of audit policies and programs when such work requires the application of professional accounting knowledge, standards, and principles.”

2. The audit shall be conducted in accordance with the standards established by the American Institute of Certified Public Accountants (hereinafter “AICPA”) and the U. S. Government Accountability Office established standards known as Government Auditing Standards (hereinafter “GAS”).
3. The Consultant shall comply with the requirements under the Hawai‘i Administrative Rules (hereinafter “HAR”) Title 16, Chapter 71: Certified Public Accounting and Public Accountants, including but not limited to, Subchapter 3: License of Certified Public Accountant and Subchapter 4: Permit to Practice.
4. The Consultant must have experience working with applicable government systems and source documents, which may include a Financial Accounting Management and Information Services and Fixed Asset Inventory System, applicable department financial system, Treasury Deposit Receipts, Purchase Orders, Contracts, Summary Warrant Vouchers, Journal Vouchers, or other applicable source documents.
5. The Consultant must have the capacity to fulfill the terms of this engagement within the prescribed performance period.
6. The Consultant must not have been engaged in any contract with the OHA within the last three (3) years.
7. The Consultant must have no conflicts of interest with the OHA, its Trustees, its Chief Executive Officer, its Line of Business Directors, and its personnel involved in contract administration.

### **C. OPTIONAL QUALIFICATION**

Certification in Financial Forensics and/or Certification in Fraud Examination, with experience in forensic accounting and fraud examination is preferred, but not required.

### **D. PERFORMANCE PERIOD**

The period of performance for this contract shall be from October 1, 2017 to October 31, 2018.

### **E. CONTRACT SCOPE**

1. The Consultant shall develop and apply such audit procedures as necessary to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional

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services, as well as other disbursements of funds. Any applicable audit materiality limits shall be determined in conjunction with the Consultant and specified within the contract.

2. The audit period of review shall be for five (5) fiscal years, specifically state Fiscal Year (hereinafter "FY") 2012, FY 2013, FY 2014, FY 2015 and FY 2016. The Consultant shall conduct an audit for the OHA and its' LLCs in accordance with the standards established by the AICPA and GAS. The audit shall include procedures for the following:
  - a) Identifying potential areas of fraud, waste, and abuse, which are defined as such:
    - 1) Fraud – a type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility.
    - 2) Waste – involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g. executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.
    - 3) Abuse – involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.
  - b) Inspecting financial transactions for compliance with all applicable statutory requirements and internal policies, and confirm that such transactions are free from fraud, misstatements, and misrepresentations; and
  - c) Providing recommendations on organizational, structural and procedural improvement to strengthen the BOT's fiduciary oversight of the OHA and its' LLCs.
3. For the OHA, the Consultant shall develop and apply specific audit procedures to inspect transactions for the following areas:
  - a) Contracts:
    - 1) Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;
    - 2) Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;
    - 3) Deliverables were met by the contractor; and
    - 4) No fraudulent or wasteful disbursements were made.

- b) All other disbursements of funds, including but not limited to those disbursements made under the following OHA policies and funds: Hawaii Direct Investment Policy, Native Hawaiian Trust Fund Spending Policy, and the Fiscal Reserve Withdrawal Guidelines, Trustee Sponsorship and Annual Allowance Fund; but excluding payroll and Native Hawaiian Trust Fund transactions of marketable securities:
    - 1) Compliance with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;
    - 2) Compliance with budget restrictions; and
    - 3) No fraudulent or wasteful disbursements were made.
  - c) Annual reports to the BOT  
Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the annual report to the BOT.
4. For the LLC's, the Consultant shall develop and apply specific audit procedures to inspect contracts, and other financial transactions for the following areas:
- a) Contracts:
    - 1) Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;
    - 2) Deliverables were met by the contractor/grant recipient;
    - 3) Conflict of interest with LLC managers and directors; and
    - 4) No fraudulent or wasteful disbursements were made.
  - b) All other disbursements of funds, excluding payroll:
    - a. Conflict of interest with LLC managers and directors;
    - b. Compliance with internal policies and procedures; and
    - c. No fraudulent or wasteful disbursements were made.
  - c) Quarterly reports to the BOT:  
Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.
5. Approval of additional services shall be at the discretion of the OHA BOT, and subject to the availability of funds.

## **F. REPORTING**

1. The Consultant is responsible to maintain close and frequent communications with the Resource Management Committee Chair and other parties as designated by the OHA at all stages of the work required. The Consultant shall submit draft reports in the appropriate formats and within the deadlines specified by the Resource Management Committee Chair and others parties as dignated by the OHA.

2. The Consultant shall provide all draft reports and Interim Report to include sensitive or significant results the Consultant has determined are pertinent for immediate disclosure to the OHA.
3. The Consultant shall provide a final report that shall include a summary of the procedures used for completing the audit, audit results, and specific recommendations for organizational, structural, and procedural improvement. The recommendations shall provide details to implement policies, strategies and/or action items to be presented to the BOT. The Consultant shall provide a powerpoint presentation and be available to make oral presentation(s) to the BOT based on the findings and recommendations.
4. The Consultant shall retain the Interim and Final Reports for a minimum of five (5) years, commencing upon the date of the BOT acceptance of the Final Report, at the Consultant's expense.

#### **G. INFORMATION TO BE SUMMITTED**

Offer Form (OF-1): Offeror References (OF-2); and Government Experience (OF-3) shall be completed in their entirety. If the Offeror submits an incomplete form (OF-1, OF-2, OF-3) and does not meet the specified requirements, the Offeror may be determined to be “non-qualified.”

#### **H. SUBMITTAL FORMAT**

The Submittals shall be tabbed as follows:

1. **Section 1- Statement of Interest**
  - a) Letter of interest indicating the name of the firm or individual, principal place of business, and location of all of its offices.
  - b) Any firm providing services on Oahu, Hawai'i shall be required to have an office on Oahu, Hawai'i.
2. **Section 2 – General Background**
  - a) The age of the firm and its average number of employees over each of the past five (5) years; and period of time the firm has been in business.
  - b) A short paragraph, not more than one half page typed, describing the firm and its capabilities.
3. **Section 3 - Education, Training and Experience**
  - a) The education, training, and qualification of key individual(s) that will be performing the applicable service.
  - b) Description of the top three (3) projects the firm considers similar, and related personnel involved in said project .
  - c) Statement of qualifications highlighting the firm's or individual's qualifications, expertise, and experience in related industries.

- d) Any other relevant information on the firm’s or individual’s experience, expertise, and past performance shall include but not be limited to quality of work, cost and ability to meet schedules.
  - 1) Submit a resumes for each key individual as evidence of his/her education, training and background experience; and
  - 2) Submit Government Experience form (OF-3).

4. **Section 4 – References and Additional Literature/Information**

The names and phone numbers of up to five (5) clients, as provided on appropriate Offeror References Form, page OF-2, who may be contacted, including at least two (2) for whom services were rendered during the preceding year.

Offeror References Form (OF-2) is attached to the Public Notice and must be completely filled out. Failure on the part of the Offeror to meet this requirement may result in the applicant to be determined “non-qualified.”

**I. SELECTION PROCESS**

After the lists of qualified applicants are determined, agencies maybe evaluated and contracted for services as needed during the FY18. Selections of professional services will be made in accordance with HRS Chapter 103D-304, and Hawai‘i Administrative Rules Section 3-122, Subchapter 7.

The selection criteria employed in descending order of importance shall be:

- a) Experience and professional qualifications relevant to project type;
- b) Past performance on projects of similar scope for public agencies or private industry, including corrective actions and other response to notice of deficiencies;
- c) Capacity to accomplish the work in the required time; and
- d) Any additional criteria determined in writing by the selection committee relevant to the OHA’s needs or necessary and appropriate to ensure full, open, and fair competition for professional services contracts.

Contract scope, term of performance, and price shall be negotiated with the highest ranked (most qualified) applicant.

- J. Attachments:** Offer Form (OF-1)  
 Offeror References Form (OF-2)  
 Government Experience Form and Example (OF-3)

**OFFER FORM**

**OF-1**  
SOQ RM 2017-35  
STATE OF HAWAI'I  
OFFICE OF HAWAIIAN AFFAIRS

Procurement Officer  
OHA – Procurement Unit  
560 North Nimitz Highway  
Honolulu, Hawai'i 96817

Dear Procurement Officer:

The undersigned has carefully read and understands the terms and conditions specified in the Statement of Qualifications and hereby submits the following statement of qualifications, all in accordance with the true and intent and meaning thereof. The undersigned further understands and agrees that by submitting this statement of qualification; he/she is declaring his/her statement of qualification is not in violation of Chapter 84-15, Hawaii Revised Statutes, concerning prohibited State Contracts.

Offeror is:

- Sole Proprietor     Partnership     \*Corporation     Joint Venture
- Other \_\_\_\_\_

\*State of incorporation: \_\_\_\_\_

Hawai'i General Excise Tax license I.D. No. \_\_\_\_\_

Federal I.D No. \_\_\_\_\_

Payment address (other than street address below): \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Principle Place of Business: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Respectfully submitted:

Date: \_\_\_\_\_ (x) \_\_\_\_\_

Authorized (Original) Signature

Telephone No.: \_\_\_\_\_

Fax No: \_\_\_\_\_

\_\_\_\_\_  
Name and Title (Please Type or Print)

E-mail Address: \_\_\_\_\_  
\_\_\_\_\_

\*\* \_\_\_\_\_  
**Exact Legal Name of Company (Offeror)**

\*\*If Offeror is the "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the awarded contact will be executed:



## OFFEROR REFERENCES

<b>Reference 1</b>	
Customer Contact/Name	Customer Postal Address:
Customer Contract Title	Customer Contact Phone:
Customer Organization:	Customer Contact Email:
	Project Dates:
Brief Description of the Project	
<b>Reference 2</b>	
Customer Contact/Name	Customer Postal Address:
Customer Contract Title	Customer Contact Phone:
Customer Organization:	Customer Contact Email:
	Project Dates:
Brief Description of the Project	
<b>Reference 3</b>	
Customer Contact/Name	Customer Postal Address:
Customer Contract Title	Customer Contact Phone:
Customer Organization:	Customer Contact Email:
	Project Dates:
Brief Description of the Project	

Offeror: \_\_\_\_\_  
Name of Company

**OFFEROR REFERENCES**

<b>Reference 4</b>	
Customer Contact/Name	Customer Postal Address:
Customer Contract Title	Customer Contact Phone:
Customer Organization:	Customer Contact Email:
	Project Dates:
Brief Description of the Project	
<b>Reference 5</b>	
Customer Contact/Name	Customer Postal Address:
Customer Contract Title	Customer Contact Phone:
Customer Organization:	Customer Contact Email:
	Project Dates:
Brief Description of the Project	

Offeror: \_\_\_\_\_  
Name of Company

**GOVERNMENT CLIENTS SERVICED**

			(Place and "X" in applicable columns)					
Client	Scope of Services	Date Services Provided	Total Hours	FAMIS	FAMIS Datamart	Departmental Financial System	FAIS	Source Documents (TDR,PO,SWV, JV, other applicable)

Offeror: \_\_\_\_\_  
Name of Company