

MISSISSIPPI LOTTERY CORPORATION

REQUEST FOR PROPOSALS NO. 2

REQUEST FOR PROPOSALS FOR COMPREHENSIVE ACCOUNTING AND AUDITING SERVICES

RESPONSE SUBMISSION DEADLINE: MAY 6, 2019 (2:00 P.M. CST)

**RESPONSE DUE TO: DR. MICHAEL J. MCGREVEY, CHAIRMAN
C/O BALCH & BINGHAM LLP
188 E. CAPITOL STREET, SUITE 1400
JACKSON, MS 39201**

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BACKGROUND

The Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018) (“the Act”), formed the Mississippi Lottery Corporation (the “Corporation”) to administer the State of Mississippi’s first lottery. The Corporation’s Board of Directors (“the Board”) governs the Corporation. The Board is comprised of five (5) members appointed by the Governor, with the advice and consent of the Senate, in addition to the Commissioner of the Department of Revenue and the State Treasurer as ex officio members. Composing the current Board are Dr. Michael J. McGrevey, Dr. Cass Pennington, Kimberly LaRosa, Gerard Gibert, Philip Chamblee, Commissioner Herb Frierson, and Treasurer Lynn Fitch.

INTRODUCTION

1. Purpose

The purpose of this Request for Proposals (“RFP”) is to invite proposals from qualified, full-service Certified Public Accounting (“CPA”) firms to provide comprehensive accounting, auditing, and related services. All respondents must fully acquaint themselves with the Corporation’s needs and requirements and obtain all necessary information to develop an appropriate solution and to submit responsive and effective proposals.

2. Responses and Proposal Acceptance Period

Each proposal shall be signed by an individual authorized to bind the respondent to a resultant contract and submitted in a sealed envelope or package as described in this RFP no later than the time and date specified for receipt on the cover page hereto. Timely submission is the responsibility of the respondent. The envelope or package shall be marked with the name of the respondent and the RFP number. Each page of the proposal and all attachments shall be identified with the name of the respondent. The Board reserves the right to decide, on a case-by-case basis, whether to reject a proposal with modifications or additions as nonresponsive. As a precondition to proposal acceptance, the Board may request the respondent to withdraw or modify those portions of the proposal deemed nonresponsive that do not affect quality, quantity, price, or delivery of the services. The Board is under no obligation to enter into a contract or otherwise engage any respondent as a result of this RFP process and may cancel this RFP process when it is determined to be in the best interest of the Board.

(a) Timeline*

April 17, 2019	RFP posted to the website of the Mississippi Lottery Corporation (mslotteryhome.com)
April 23, 2019	Deadline for questions related to RFP No. 2
April 29, 2019	Deadline for responses to all questions related to RFP to be posted to the website of the Mississippi Lottery Corporation (mslotteryhome.com)
May 6, 2019	Closing date for RFP. All proposals due (2:00 PM CST)
May 14, 2019	Proposal responses evaluated and oral presentations held (if requested).
May 14, 2019	Board decision and notification of Board action

(*) – Dates are estimated and are subject to change. Additionally, the Corporation reserves the right to request clarification and seek follow-up information once proposals are submitted.

(b) Late Submissions

A proposal received at the place designated in the RFP for receipt of proposals after the exact time specified for receipt will not be considered. Proposals received after the specified time shall be rejected and returned to the respondent unopened.

3. Procedures for Delivery of Proposals

The respondent shall submit eight (8) copies of its proposal in an envelope(s) or package(s) marked “Proposal Package.” The envelope or package shall also be clearly labeled with the name of the respondent, the services to be provided, and directed to the attention of the named contact person. Responses shall be mailed or hand-delivered to the person listed on the title page. No email or facsimile responses will be accepted.

4. Expenses Incurred in Preparing Statement of Qualifications

The Board accepts no responsibility for any expense incurred by the respondent(s) in the preparation and presentation of a proposal. Such expenses shall be borne exclusively by the respondent(s).

5. Registration with Mississippi Secretary of State

By submitting a proposal, the respondent certifies that it is registered to do business in the State of Mississippi as prescribed by the Mississippi Secretary of State or, if not already registered, that it will do so within seven (7) business days of being offered an award.

6. Debarment

By submitting a proposal, the respondent certifies that it is not currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi or Federal government, and that it is not an agent of a person or entity that is currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi.

7. Additional Information

Questions about this RFP must be submitted in writing as detailed in Section 16 below. Respondents are cautioned that any statements made by contact persons that cause a material change to any portion of the RFP shall not be relied upon unless subsequently ratified by a formal written amendment. All questions and answers shall be published to respondents on the website of the Mississippi Lottery Corporation by the deadline prescribed herein.

8. Release of Information

The Board will not release information submitted in response to this RFP during the evaluation process or prior to an award of a contract. After all respondents have been notified of the award of a contract, respondents' proposals will be available for public review, subject to the limitations of the Mississippi Public Records Act of 1983, as amended. It is the responsibility of the respondent to identify all trade secrets or confidential commercial or financial information.

9. Non-Discrimination

There shall be no discrimination as to race, sex, color, religion, national origin or disability in the operations proposed to be conducted under any engagement arising out of the responses to this RFP.

10. Joint Selections

The Board may entertain joint or complementary proposals for the accounting and auditing services sought. The Board may make a joint selection of two or more respondents to provide accounting and auditing services or may select two or more respondents to provide services that together comprise all or part of the services sought.

11. Supplementation

Each respondent must supplement its response to its RFP within seven (7) days of any material change to the information contained in its response.

12. Administration of Contract

The contract(s) resulting from the RFP process will be administered by the Board.

13. Terms and Conditions of Contract

The terms and conditions of any contract resulting from a response to this RFP will contain, by reference, the terms of this RFP and the respondent's response thereto. Pursuant to Section 45 of the Act, (a) the term of a contract resulting from this RFP may not exceed a period of five (5) years, and (b) shall be reviewed by and subject to the approval of the State Auditor.

14. Successive Term Limitation

Section 45 of the Act states prohibits the same firm from being awarded more than two (2) consecutive audit contracts.

15. Obligation to Award

By this RFP, the Board has not committed itself to contract with any vendor for any or all of the matters described in this RFP, nor does the suggested scope of services or term of agreement require that any vendor be selected for any purposes.

16. Questions and Quiet Period

Questions relative to this RFP should be submitted by email to rsanford@balch.com no later than April 23, 2019. The Corporation is under no obligation to respond to all questions presented; however, responses will be posted on the Corporation's website on or before April 29, 2019.

Upon the release of the RFP, applicants or their representatives shall not contact Corporation Board members or Corporation counsel regarding the RFP, other than through the process for questions provided pursuant to this RFP. This quiet period will end upon the selection of the firm for the services provided for in this RFP. A violation of this quiet period may result in the disqualification of the violator's Response to the RFP.

RESULTING CONTRACT

1. Period of Performance

Any firm selected pursuant to this RFP shall serve at the pleasure of the Board, and the services of any firm selected may be terminated, at the sole discretion of the Board, upon delivery of written notice of such termination to the selected firm. Please see also Sections 13 and 14 of the *Introduction* Section hereto.

2. Indemnity

The selected firm shall agree in the resulting contract to indemnify the Corporation and its directors, officers, employees, agents and representatives relative to any injury or damage that occurs as a result of any negligent act or omission committed by the firm, including its agents, employees, and assigns.

3. Corporation Objectives

The public's trust relative to the operations of the Mississippi lottery is essential. The Corporation must maintain control over all functions and be assured that they are performed to provide the greatest long-term benefit to the State of Mississippi and to provide the best service and products for the public, in a manner consistent with the integrity of the State of Mississippi.

All proposals shall reflect the following overall goals and objectives of the Corporation:

- To annually increase revenue and associated net lottery proceeds;
- To market high quality products that provide entertainment and customer satisfaction;
- To ensure that the successful respondent is capable of providing the services called for in this RFP, and that the successful respondent will be capable of continuing to provide those services; and
- To provide for innovation and the ability to respond to changes in the industry and the demands of the marketplace.

4. Successful Relationship

The nature of this RFP and the resulting contract will result in a relationship between the successful respondent and the Corporation, which relationship must be founded in mutual trust, respect and concern for the integrity, security and quality of the Mississippi lottery. In selecting a firm, the Corporation desires to partner with a firm that demonstrates quality and responsiveness in its customer service.

REQUESTED SERVICES

The Corporation seeks the following accounting and auditing services:

1. Audit of Financial Books and Records:

(a) The firm shall perform an audit of the Corporation's annual financial statements, books, and records in accordance with the generally accepted auditing standards and principles and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United State, as amended. Through this audit, the firm shall compile a report on and express an opinion of the procedures and records utilized in auditing the financial statements, books, and records in conformity with the generally accepted accounting principles ("GAAP").

(b) The audit report and opinion shall be presented to Corporation within ninety (90) days after the close of the Corporation's fiscal year.

(c) The firm, at its own cost, shall provide eight (8) copies of the bound copies of the audited financial statement, books, and records to the Board each year.

2. Additional Reporting: In addition to the audit of the Corporation's financial statements, books, and records, the selected firm will be called upon to do the following:

- (a) The firm shall evaluate and report on the sufficiency and efficiency of the Corporation's internal financial processes and controls.
- (b) The firm shall report on Corporation's internal controls, accounting systems, and financial processes compliance with the applicable state and federal standards, guidelines, and regulations.
- (c) If applicable, the firm shall create a report based upon the audit findings that details recommended improvements and/or changes to the Corporation's internal controls, accounting system and financial processes.
- (d) The firm shall assist the Board and the Corporation in compiling the quarterly and annual reports required pursuant to Section 45 of the Act. The firm shall advise the Board and the Corporation on the latest developments regarding accounting pronouncements and suggest presentation formats for any new disclosure included in the reports.
- (e) Any other reports concerning the financial operations of the Corporation as deemed necessary by the Board and/or the Corporation.

REQUIRED INFORMATION

1. Minimum Qualifications

To be eligible to respond to this RFP, each respondent must certify in writing that it meets each of these requirements:

- (a) It has a minimum of ten (10) years' experience related to accounting and auditing services;
- (b) It is a Certified Public Accounting Firm;
- (c) It is financially sound;
- (d) It meets the requirements of the Act;
- (e) It is not currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi or the Federal government, and that it is not an agent of a person or entity that is currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi; and

- (f) The firm has no agent, employee, or assign that has a financial interest in any vendor with whom the corporation is under contract as required by Section 45 of the Act.

2. Qualifications, Experience and Disclosures

- (a) Provide a general overview and brief history of your organization, including parent and/or subsidiary companies and the number of employees.
- (b) Provide, as applicable, the names and addresses of the following: the names and addresses of the officers, directors and each stockholder of more than a 10% interest in the Corporation.
- (c) Provide a disclosure of all of the jurisdictions in which the firm does business.
- (d) Provide a disclosure of all of the jurisdictions in which the firm has contracts to supply lottery goods and services and a description of the nature of the goods or services involved for each jurisdiction.
- (e) Provide a disclosure of all of the jurisdictions in which the firm has applied for, has sought renewal of, has received, has been denied, has pending or has had revoked a lottery or gaming license of any kind or had fines or penalties assessed to the firm's license, contract or operation and the disposition of each firm in each jurisdiction. If any lottery or gaming license or contract has been revoked or has not been renewed or any lottery or gaming license or application either has been denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the failure to receive a license shall be disclosed.
- (f) Provide a disclosure of the details of any bankruptcy, insolvency, reorganization or corporate or individual purchase or takeover of another corporation, including, without limitation, bonded indebtedness, and any pending litigation of the firm.
- (g) Provide a disclosure of any civil or criminal litigation or indictment involving the firm.
- (h) Provide the address of the office location(s) that will service the account.
- (i) Describe the experience of the firm in providing similar services for other lotteries or for governmental entities or quasi-governmental entities.
- (j) How many audits has the firm conducted in Mississippi within the past five (5) fiscal years?
- (k) How many audits of governmental or quasi-governmental agencies in Mississippi in the past (5) years?

- (l) Provide a copy of the firm's most recent Peer Review evaluation report conducted by an independent CPA firm.

3. Personnel

- (a) Provide the name, title, address, phone number, and email address of the primary contact person(s) assigned to this account and please provide any experience relevant to servicing lottery corporations or quasi-governmental or governmental entities.
- (b) Describe your firm's policy on changing the primary contact person on an account.
- (c) Name the individuals who will work with the Corporation on a day-to-day basis, including: biographical information, proposed role, number of years of experience in this field, number of years with the firm and the level of decision-making authority these individuals have to handle emergency needs of the Corporation as they arise.
- (d) Describe the chain of command for problem resolutions.

4. General Accounting and Auditing Services

- (a) Please provide a listing of firm offices located within the State of Mississippi.
- (b) What percentage of accountants working with your firm are certified public accountants?
- (c) How does the firm stay abreast of changes within federal and state statutes, rules, regulations and governmental standards related to auditing and accounting?
- (d) Describe how the firm establishes an audit plan and prepares prior to beginning the audit process.
- (e) How does the firm determine what documents are necessary for review in conducting an audit?
- (f) How does the firm establish period deadlines during the audit process to ensure timely completion of an audit?
- (g) Describe how the firm prepares an audit report and opinion.
- (h) Describe the process by which the firm reviews the audit report and opinion with clients.
- (i) Describe the firm's closing meeting process.

5. Control

- (a) Describe the security procedures for the firm's information reporting system, both for access and information protection.
- (b) Is an audit trail report available, showing all activity, by whom and when, for each system?
- (c) Describe the types of insurance and bonding carried.

6. Fees and Expenses

Discuss the firm's fees for providing the services described herein, completion of Attachment A and including the length of the such fees will be guaranteed.

7. Out of Pocket Expenses

Describe any anticipated out-of-pocket expenses associated with the provision of requested services that the firm anticipates charging to the Corporation. Out-of-pocket expenses include but are not limited to items such as postage, shipping/delivery charges, travel, and supplies associated with the performance of services under this RFP. General overhead expenses, including but not limited to internet connectivity, electricity, telephone, office supplies, and storage shall not be charged to the Corporation.

8. References

Provide a list of the names, telephone numbers and addresses of not less than three (3) clients of similar size to the Corporation. Include the length of time they have been clients of the firm.

EVALUATION AND AWARD CRITERIA

This RFP seeks firms to provide comprehensive accounting and auditing services to the Corporation. A preliminary evaluation will be conducted identifying the firms deemed fully qualified and best suited among those submitting proposals on the basis of the evaluation factors listed below (not in priority order):

- Operational requirements – understanding the needs and operation requirements of the Corporation; scope of services offered.
- Experience – experience, resources and qualification of the firm and individuals assigned to the account; relevant experience; quality and responsiveness of customer service; local decision-making authority to handle emergency needs.
- Innovation – value of any service suggestions or ideas.
- Compliance with the requirements of RFP and quality of the proposal submitted.
- Fees.

During the evaluation process, the Board may request certain of the respondents reasonably susceptible of being selected for award to make oral presentations to the Board for the purpose of clarification to assure full understanding of, and responsiveness to the RFP requirements. If the Board determines that further clarifications are needed or desirable, it may solicit Best and Final Offers from respondents, whether oral presentations are held or not.

The authority to make the final selection of a respondent under this RFP and approve the terms of a resulting contract resides solely with the Board. The Board reserves the right to award the contract to the firm that best meets the requirements of the RFP and not necessarily to the lowest cost proposer. Further, the Board reserves the right to reject any and all responses to this RFP, with or without cause.

Any award to any respondent will be contingent upon successful negotiation of fees and rates and other terms, subject to ratification and approval of the Board. If a contract with the selected firm is not finalized within fifteen (15) days, the Board reserves the right to open negotiations with another firm.

